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Releases

Releases

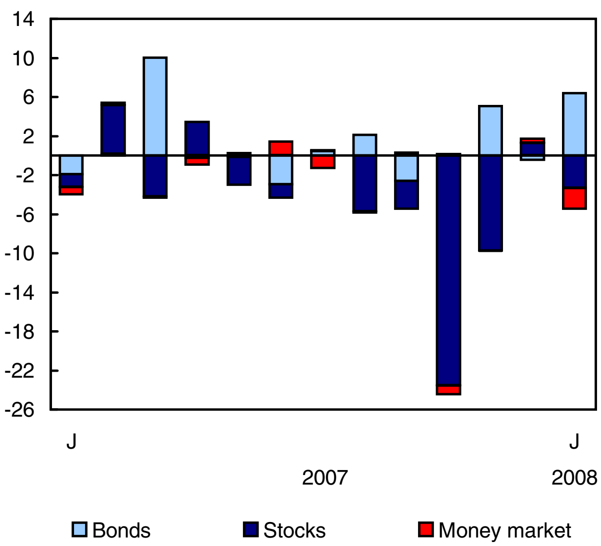
Canada's international transactions in securities

January 2008

Following December's purchase of $1.3 billion, non-residents bought another $916 million worth of Canadian securities in January. Meanwhile, Canadians invested $131 million in foreign securities, down significantly from December as acquisitions of foreign money market paper were partially offset by sales of foreign stocks.

Foreign portfolio investment in Canadian securities

$ billions



Foreign acquisition of Canadian bonds reaches a 10-month high

Non-residents added $6.4 billion worth of Canadian bonds to their portfolio holdings in January, the largest acquisition in the past 10 months. January's activity was concentrated in corporate bonds, with non-residents buying $3.3 billion of federal government enterprise bonds and $2.2 billion of private corporate bonds.

In addition, non-residents invested $1.2 billion in federal government bonds, all in outstanding issues. Investment in provincial government bonds was limited ($216 million) as purchases of outstanding bonds were partially offset by retirements.

Currency-wise, non-residents added new Canadian bonds denominated in US dollars while buying outstanding bonds denominated in Canadian dollars. On a regional basis, investment from the Unites States accounted for half of the month's foreign purchases. In January, the interest rate differential between Canada and the US favoured investment in Canada.

Related market information

*In January, the Canadian short-term **interest rates** fell 45 basis points to 3.41%. This was the largest monthly decline after a 74 basis point drop in August 2007 when global credit markets tightened. Meanwhile, US short-term interest rates were down 25 basis points to 2.75%, the lowest level since April 2005. In January, the US Federal Reserve eased its key interest rate by 100 basis points.*

Both Canadian and US long-term interest rates fell in January by 21 and 52 basis points respectively. Canadian interest rates ended the month at 3.88% while US rates stood at 3.78%.

The interest rate differentials for both long- and short-term rates favoured investment in Canada in January.

*After a brief rebound in December 2007, Canadian **stock prices** tumbled 4.9%, finishing January at 13,155.1, as measured by the Standard and Poor's/Toronto Stock Exchange Composite Index. Meanwhile, the US stock prices plunged 6.1% as the Standard and Poor's Composite Index sank to 1,378.6 at January month end, the largest monthly decline since October 2002. The drop in share prices was widespread across nearly all sectors in both Canada and the United States.*

*The **Canadian dollar** dropped 1.26 US cents by January close, exchanging for 99.62 US cents. Since November 2007, the Canadian dollar has been hovering around parity against its US counterpart.*

Definitions

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

***Stocks** include common and preferred equities, as well as warrants.*

***Debt securities** include bonds and money market instruments.*

***Bonds** have an original term to maturity of more than one year.*

***Money market instruments** have an original term to maturity of one year or less.*

Non-residents dispose of Canadian Treasury bills

Non-resident investors reduced their holdings of Canadian money market paper in January by $2.1 billion, after buying $782 million in December. Treasury bills accounted for over 80% ($1.8 billion) of January's foreign divestment. The balance was from a second consecutive monthly reduction in holdings of federal government enterprise paper ($387 million).

In January, Canadian short-term interest rates fell about 45 basis points, the largest monthly drop since August 2007 when the global credit crunch unfolded.

Takeover activities drive foreign divestment in Canadian portfolio shares

After a pause in December, non-residents disposed of $3.3 billion worth of Canadian portfolio shares in January. The divestment was exclusively due to foreign takeover activity, which resulted in a sizable amount of Canadian portfolio shares transferring to foreign direct investors.

However, foreign purchases of outstanding Canadian shares remained strong at $3.2 billion in January, up from a $1.2 billion acquisition in December. Gold and banking sectors, whose stock prices appreciated in January, topped the investment list.

Canadian holdings of foreign bonds steady after two months of divestment

Canadians acquired a nominal amount of foreign bonds ($48 million) in January, after two consecutive months of sizeable divestment driven by the sale of US government bonds. Canadian investment in US government bonds was reduced slightly in January ($92 million) as residents replaced holdings of shorter term-to-maturity bonds (2 years or less) with medium term-to-maturity bonds (5 to 10 years).

Meanwhile, investment in other types of foreign bonds posted a small increase ($140 million) in January. Since August 2007, the reduced activity in new issues of maple bonds (Canadian dollar-denominated foreign bonds) has been a main contributor to the slowdown in acquisitions of both US corporate bonds and non-US foreign bonds. The appreciating Canadian dollar, combined with the global credit crunch, contributed to increased costs related to the issue of new maple bonds.

Canadian acquisitions of foreign paper pick up

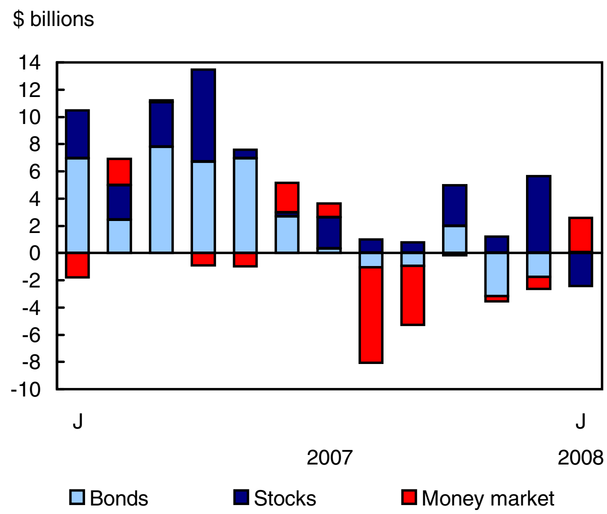
Canadian investors made adjustments to their holdings of foreign securities in January, selling off foreign stocks and acquiring money market instruments. January saw residents add $2.5 billion worth of foreign paper, a reversal from the stream of reductions totalling $12.8 billion since August 2007.

January's acquisition was equally split between US government Treasury bills ($1.4 billion) and US corporate paper ($1.2 billion), mostly Canadian dollar-denominated paper issued by the non-bank financial sector. In January, the Federal Reserve reduced its key interest rate by a notable 100 basis points to further ease credit conditions.

Canadians sell foreign stocks as the markets turn bearish

Canadians sold $2.4 billion worth of foreign stocks in January, a switch from purchases averaging $2.4 billion per month since October 2006. The bulk ($1.9 billion) of January's sell-off was in US stocks, when US stock prices experienced the largest monthly decline since October 2002, affecting almost all sectors.

Canadian portfolio investment in foreign securities[1]



1. Reverse of balance of payments signs.

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

Definitions, data sources and methods: survey number 1535.

The January 2008 issue of *Canada's International Transactions in Securities* (67-002-XWE, free) will soon be available.

Data on Canada's international transactions in securities for February will be released on April 21.

For general information or to order data, contact Client Services (613-951-1855; *infobalance@statcan.ca*). To enquire about the concepts, methods or data quality of this release, contact Yiling Zhang (613-951-2057), Balance of Payments Division.

Canada's international transactions in securities

	October 2007	November 2007	December 2007	January 2008	2006	2007
	$ millions					
Foreign investment in Canadian securities	**-24,312**	**-4,737**	**1,291**	**916**	**32,544**	**-33,593**
Bonds (net)	181	5,071	-439	6,382	18,015	9,789
Outstanding	-517	4,922	-1,262	4,487	13,155	9,732
New issues	3,813	1,362	5,560	3,155	43,323	45,722
Retirements	-3,511	-1,293	-3,513	-1,965	-38,777	-45,955
Change in interest payable[1]	397	79	-1,224	705	314	290
Money market paper (net)	-968	-59	460	-2,135	3,715	-1,424
Government of Canada	-271	-249	277	-1,767	3,717	-2,644
Other	-697	190	183	-368	-2	1,220
Stocks (net)	-23,525	-9,748	1,270	-3,331	10,814	-41,958
Outstanding	1,176	-3,519	1,212	3,209	21,145	2,288
Other transactions	-24,701	-6,229	58	-6,540	-10,331	-44,247
Canadian investment in foreign securities	**-4,788**	**2,394**	**-2,983**	**-131**	**-78,693**	**-48,422**
Bonds (net)	-1,998	3,168	1,762	-48	-43,602	-28,903
Stocks (net)	-2,987	-1,191	-5,650	2,446	-28,291	-30,941
Money market paper (net)	197	418	904	-2,529	-6,800	11,422

1. *Interest accrued less interest paid.*

Note: *A minus sign indicates an outflow of money from Canada, that is, a withdrawal of foreign investment from Canada or an increase in Canadian investment abroad.*

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Annual wholesale trade

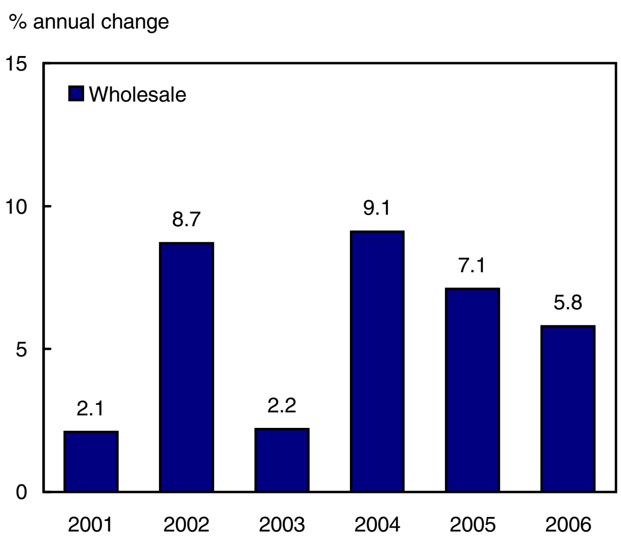
2006

Growth in business investment and consumer spending, coupled with a healthy construction sector, contributed to higher revenues and profits for wholesalers in 2006.

The economic environment in 2006 provided a very favorable context for Canada's wholesale trade industry. Several key factors affecting wholesale trade included increased investment by businesses that continued to drive revenues; robust consumer spending; growth in imports of consumer goods; record levels of residential and non-residential construction; and lower prices on certain products resulting from increases in the value of the Canadian dollar against the US dollar.

Nearly all segments of the wholesale industry have experienced strong economic growth in the last two years. Total operating revenues for the industry hit $660.0 billion in 2006, up 5.8% from 2005. This rate of growth was slightly slower than the increases of 7.1% in 2005 and 9.1% in 2004 increases.

Growth in operating revenue slowed in 2005 and 2006



In 2006, one half of the growth came from three groups: petroleum products, building supplies and the "other products" category, which consists mainly of agricultural products, chemicals and recycled metals products. In 2005, by contrast, just one group, petroleum products, accounted for more than half of the annual gain in total operating revenue.

Revenues of petroleum wholesalers increased 7.8% from 2005 to $121.2 billion in 2006, largely the result of increases in the price of crude oil. This recent increase came on the heels of three years of strong growth where operating revenues grew an average of 23% per year since 2003.

In 2006, petroleum wholesalers accounted for 18.4% of total industry revenues, the largest share among the industry's 17 groups. This proportion was up from 18.0% in 2005.

Following three years of declines, wholesale sales of motor vehicles rebounded in 2006 as revenues rose 2.8% to $75.6 billion. While auto exports remained weak in 2006, sales of vehicles in the Canadian market did well, rising 2.2%, according to the New Motor Vehicles Sales Survey.

Canada's wholesale industry accounts for about 5.7% of economic output as measured by gross domestic product.

The majority of wholesale groups post gains

Operating revenue increased in 15 of the 17 wholesale groups in 2006, accounting for 97% of total revenue. Wholesalers of office and professional equipment (+9.3%), building supplies (+9.2%) and metal products (+9.0%) were among the most notable gainers.

The only two groups that posted losses were lumber and millwork products and agents and brokers.

Wholesalers of lumber and millwork products saw their revenues fall 2.9% to $13.9 billion in 2006, the

Note to readers

These annual financial statistics are based upon a sample survey and represent the activities of all wholesale trade establishments (North American Industrial Classification System 41) of incorporated and unincorporated businesses on Statistics Canada's Business Register.

The annual statistics include estimates for grain and petroleum wholesalers and for Agents and Brokers which are not included in the Monthly Wholesale Trade Survey.

The ***statistical unit*** *used in this survey is the establishment (at the operating level).*

Gross margin *is obtained by subtracting the cost of goods sold from the total operating revenues.*

To eliminate duplication, the reporting of direct and non-direct salaries and wages were excluded from the 2006 questionnaire as they were often reported as part of total salaries and wages. This change in 2006 impacts the calculation of gross margins by lowering the cost of goods sold by approximately 2.6%.

Operating profit *is obtained by subtracting the total operating expenses plus the cost of goods sold (opening inventory plus purchases minus closing inventory) from the total operating revenues.*

Operating expenses-to-operating revenues ratio *is obtained by dividing the total operating expenses by the total operating revenues. The ratio is expressed as a percentage of total operating revenues.*

second annual decline in a row, mostly due to the slowdown in the US housing market, lower lumber prices and a strong Canadian dollar.

Agents and brokers also recorded their second annual decline in 2006, down 9.5%. The drop is mostly attributable to weak growth for agents and brokers of personal and household goods as well as building materials and supplies. Together, these two groups account for roughly one-quarter of the revenues for this trade group.

Wholesale gross margins edged up

As a percentage of total operating revenue, gross margins averaged 19.1% in 2006. Gross margins reflect how successful wholesalers are at maximizing revenues while paying the lowest price for goods they buy for resale. A change in gross margins implies that the cost of buying goods (cost of goods sold) increased but not in the same proportion as revenues.

Except for agents and brokers, who by definition do not take title of goods they resell, 9 of the remaining 16 trade groups have posted higher gross margins than the overall average of 19.1%. In particular, gross margins that were well above the average were posted by wholesalers of apparel (35.7%), office and professional equipment (35.2%), household and personal goods (30.8%) and motor vehicle parts and accessories (28.4%).

Wholesalers of petroleum products (4.6%), motor vehicles (10.1%) and farm products (15.2%) recorded the three lowest gross margins.

Ontario's wholesalers recorded the highest gross margin in 2006

Ontario's wholesalers, who account for around 42% of all wholesale revenues in Canada, recorded the highest gross margin in 2006. Gross margin for wholesalers in Ontario as a percentage of operating revenue was 21.6%, well above the national average (19.1%). This was mainly attributable to high margins reported by wholesalers of apparel, household and personal goods and office and professional equipment.

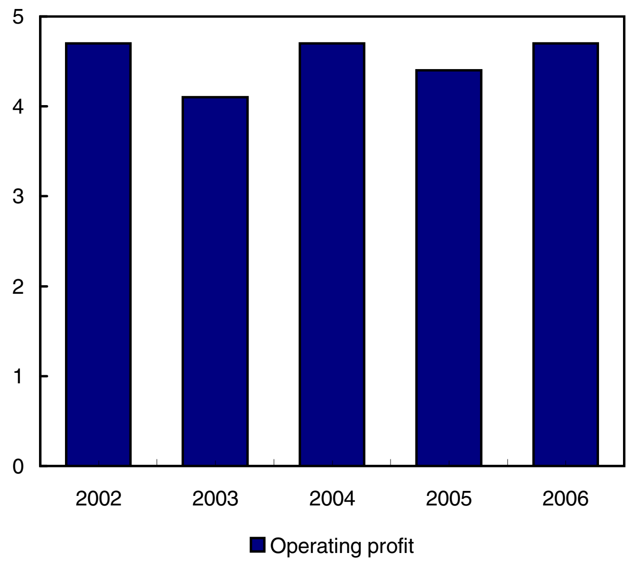
Wholesales in Quebec (21.1%), Manitoba (20.6%) and British Columbia (20.0%) also posted gross margins higher than the national average.

Wholesalers in New Brunswick, Alberta and Newfoundland and Labrador were among those who reported gross margins below the national level.

Operating profit margin slightly higher in 2006

Despite a slowing down in the growth of wholesale revenues, profits have remained relatively stable. Overall, operating profit margins for wholesalers as a percentage of total operating revenue increased from 4.4% in 2005 to 4.7% in 2006.

Operating profit as a percentage of operating revenue



Farm product wholesalers saw profits increase from $686.4 million in 2005 to $1.2 billion in 2006, an increase of 68.0%. Total operating revenues, driven by higher revenues from grains and live animals, rose 4.0% to $18.1 billion. This gain in 2006 followed two years where profits edged down for wholesalers of farm products.

Despite these increases, some major wholesale industries did not fare as well in 2006 as in 2005. These included computer and other electronics products, pharmaceutical products and apparel industries.

Wholesalers in Manitoba recorded the highest gain in operating profit

Among the provinces, only Manitoba (+51.6%), Nova Scotia (+20.2%), Ontario (+16.7%) and Alberta (+16.0%) posted gains greater than the Canadian average (+10.9%).

The provinces registering the sharpest contractions in operating profit were Prince Edward Island (-22.8%), New Brunswick (-22.1%) and Saskatchewan (-8.9%).

Available on CANSIM: table 081-0005.

Definitions, data sources and methods: survey number 2445.

For general information or to order data, contact Client Services (613-951-3549; toll-free 1-877-421-3067; *wholesaleinfo@statcan.ca*). For additional information, or to enquire about the concepts, methods or data quality, contact Pierre Desjardins (613-951-9682), Distributive Trades Division.

Wholesale trade
2006

Trade group	Operating revenues	Gross margin	Operating profit	Operating expenses	Operating revenues 2005 to 2006
	$ millions				% change
Farm products	18,130	2,752	1,153	1,599	4.0
Petroleum products	121,221	5,617	2,395	3,223	7.8
Food products	82,429	14,668	3,547	11,121	3.5
Alcohol and tobacco products	7,733	1,606	389	1,217	4.9
Apparel	9,609	3,434	518	2,915	5.0
Household and personal goods	32,369	9,972	1,900	8,072	3.2
Pharmaceutical products	33,230	5,965	1,101	4,865	7.4
Motor vehicles	75,641	7,639	1,679	5,960	2.8
Motor vehicle parts and accessories	19,251	5,470	1,450	4,020	3.8
Building supplies	50,663	13,396	3,316	10,080	9.2
Metal products	18,676	3,436	869	2,567	9.0
Lumber and millwork	13,900	2,395	742	1,653	-2.9
Machinery and equipment	51,043	13,818	3,522	10,296	7.3
Computers and other electronics	31,495	7,139	975	6,164	6.2
Office and professional equipment	23,413	8,241	1,745	6,496	9.3
Other products	64,891	15,413	3,643	11,770	8.9
Total merchants	**653,694**	**120,961**	**28,944**	**92,018**	**6.0**
Agents and brokers	6,257	...	1,715	3,226	-9.5
Total, wholesale trade	**659,951**	**120,961**	**30,659**	**95,244**	**5.8**

... *not available*

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Travel between Canada and other countries

January 2008

Travel to Canada from the United States hit a record low in January, bringing down overall travel to its lowest level on record.

In total, travellers made an estimated 2,375,000 trips to Canada in January, a 1.4% decline from December and a record low since record-keeping began in 1972. (Unless otherwise specified, monthly data are seasonally adjusted.)

This decline occurred even though overnight travel to Canada from overseas countries reached a record high of 391,000 trips, up 0.7% compared with December. Slower travel from the United States more than offset this increase.

The number of trips to Canada from the United States failed to reach the 2-million mark for the first time on record. US residents took an estimated 1.97 million trips to Canada in January, down 1.7% from December 2007.

Same-day car travel from the United States hit a record low estimated at 794,000 trips, down 1.2% from December. This was the first time ever that same-day car travel failed to reach the 800,000 mark. In addition, overnight trips to Canada from the United States fell 1.8%.

Even though overnight travel to Canada from overseas countries reached a record high, only 5 of Canada's top 12 overseas markets recorded increases from December. Among these markets, travel from Mexico recorded the largest increase (+9.3%), while travel from Japan posted the largest decline (-7.0%).

On an outbound basis, Canadian residents took 4.4 million trips outside the country in January, down 0.2% from December.

Of these, an estimated 653,000 were to overseas countries, down 0.5% from December 2007. December was a record month for travel to overseas destinations.

Canadian residents took an estimated 3.8 million trips to the United States in January, down 0.2% from December. Same-day car travel to the United States edged down 0.2% to 2.1 million trips, while overnight travel south of the border also slipped 0.2% and overnight travel by car fell 1.1%.

However, Canadians made an estimated 525,000 overnight trips by plane to the United States, a 3.2% increase and a new record high.

The average monthly value of the Canadian dollar in January was 98.9 US cents, down 0.8% from December. The dollar also dropped against the euro and the yen in January from December, but gained against the British pound.

Note: Seasonally adjusted data have been revised back to January 2005.

Revisions have been made to some non-seasonally adjusted series for each month of the second and third quarters of 2007.

Available on CANSIM: tables 427-0001 to 427-0006.

Definitions, data sources and methods: survey number 5005.

The January 2008 issue of *International Travel, Advance Information*, Vol. 24, no. 1 (66-001-PWE, free) is now available from the *Publications* module of our website.

For general information, contact Client Services (1-800-307-3382; 613-951-9169; fax: 613-951-2909; *tourism@statcan.ca*). To enquire about the concepts, methods or data quality of this release, contact Frances Kremarik (613-951-4240; *frances.kremarik@statcan.ca*), Culture, Tourism and the Centre for Education Statistics. ❑

Travel between Canada and other countries

	December 2007[r]	January 2008[p]	December 2007 to January 2008	January 2008[p]	January 2007 to January 2008
	Seasonally adjusted			Unadjusted	
	thousands		% change[1]	thousands	% change[1]
Canadian trips abroad[2]	**4,440**	**4,430**	**-0.2**	**4,113**	**9.8**
to the United States	3,784	3,777	-0.2	3,178	10.5
to other countries	656	653	-0.5	935	7.8
Same-day car trips to the United States	2,121	2,117	-0.2	1,795	9.6
Total trips, one or more nights	2,266	2,261	-0.2	2,249	10.8
United States[3]	1,610	1,608	-0.2	1,314	13.1
Car	987	976	-1.1	654	17.5
Plane	509	525	3.2	612	8.8
Other modes of transportation	115	107	-7.0	48	12.6
Other countries[4]	656	653	-0.5	935	7.8
Travel to Canada[2]	**2,407**	**2,375**	**-1.4**	**1,383**	**-11.4**
from the United States	2,007	1,974	-1.7	1,165	-14.0
from other countries	400	401	0.2	218	5.5
Same-day car trips from the United States	804	794	-1.2	624	-20.4
Total trips, one or more nights	1,499	1,482	-1.2	718	-1.9
United States[3]	1,111	1,091	-1.8	503	-4.6
Car	664	652	-1.9	282	-5.3
Plane	306	303	-0.9	186	-5.7
Other modes of transportation	141	136	-3.4	36	7.6
Other countries[4]	388	391	0.7	215	5.3
Travel to Canada: Top overseas markets, by country of origin[5]					
United Kingdom	77	77	-0.5	40	1.4
France	33	33	1.9	19	4.9
Germany	26	26	-0.9	11	-5.2
Japan	27	25	-7.0	11	-20.4
Mexico	23	25	9.3	14	23.4
Australia	21	20	-1.0	17	20.4
South Korea	19	18	-3.2	14	-4.1
China	14	14	5.5	9	15.0
Hong Kong	11	11	4.7	6	32.8
Netherlands	10	10	-2.6	4	-4.9
India	9	9	-4.1	5	-1.9
Switzerland	9	9	1.0	4	11.8

r revised
p preliminary
1. Percentage change is based on unrounded data.
2. Totals exceed the sum of "same-day car trips" and "total trips, one or more nights" because they include all of the same-day trips.
3. Estimates for the United States include counts of cars and buses, and estimated numbers for planes, trains, boats and other methods.
4. Figures for other countries exclude same-day entries by land only, via the United States.
5. Includes same-day and overnight trips.

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Leading indicators
February 2008

The smoothed composite index dipped 0.3% in February after a 0.1% gain in January. Overall, 4 of the 10 components increased and 6 decreased. Most of the weakness originated in a sharp contraction of manufacturing, especially autos, at the turn of the year.

Household demand improved across the board. Spending on durable goods rose modestly, even before the reduction in the goods and services tax rate gave a further boost to auto purchases in January. The housing index fell as lower existing home sales offset higher housing starts in both January and February.

The stock market continued to trend down, although the unsmoothed index in February recovered all of its losses in January. Higher commodity prices led firms to plan more business investment in 2008, especially in energy and metal mines. Strong business demand was reflected in the growth of services employment in February.

The leading indicator for the United States fell 0.2%, after revisions aggravated its declines late in 2007. Continued weakness in housing and consumer confidence also helped lower the stock market in the United States.

Manufacturing contracted at year-end, driven by a sharp drop in auto output. Long-planned retooling of auto plants accounted for the bulk of this decline, aggravated by cuts in response to slower car sales in the United States. As a result, orders, shipments and the average workweek all tumbled.

Available on CANSIM: table 377-0003.

Definitions, data sources and methods: survey number 1601.

This release will be reprinted in the April 2008 issue of *Canadian Economic Observer*. For more information on the economy in February, consult the March 2008 issue of *Canadian Economic Observer*, Vol. 21, no. 3 (11-010-XWB, free).

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

Leading indicators

	September 2007	October 2007	November 2007	December 2007	January 2008	February 2008	Last month of data available
							% change
Composite leading indicator (1992=100)	**229.1**	**229.2**	**229.0**	**228.3**	**228.5**	**227.9**	**-0.3**
Housing index (1992=100)[1]	152.5	150.5	149.7	145.8	143.9	141.7	-1.5
Business and personal services employment (thousands)	2,863	2,868	2,875	2,873	2,877	2,880	0.1
S&P/TSX stock price index (1975=1,000)	13,918	14,032	13,988	13,981	13,880	13,777	-0.7
Money supply, M1 ($ millions, 1992)[2]	166,896	168,100	168,850	169,575	170,264	170,796	0.3
US Conference Board leading indicator (1992=100)[3]	126.7	126.6	126.4	126.0	125.5	125.3	-0.2
Manufacturing							
Average workweek (hours)	38.4	38.4	38.4	38.3	38.2	38.1	-0.3
New orders, durables ($ millions, 1992)[4]	27,133	26,680	26,218	25,894	26,684	25,804	-3.3
Shipments/inventories of finished goods[4]	1.83	1.82	1.81	1.81	1.82	1.81	-0.01[5]
Retail trade							
Furniture and appliance sales ($ millions, 1992)[4]	2,700	2,715	2,727	2,744	2,773	2,782	0.3
Other durable goods sales ($ millions, 1992)[4]	9,245	9,291	9,295	9,242	9,243	9,331	1.0
Unsmoothed composite leading indicator	**230.3**	**228.9**	**228.1**	**226.2**	**229.0**	**227.4**	**-0.7**

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

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Current economic conditions

There are several indications that the economy quickly shrugged off its drop in December and began growing again in the New Year. Housing starts and auto sales posted strong gains. The stock market in February rebounded from its dip in January, reflecting one of the largest jumps in monthly commodity prices during the current boom that began six years ago. Most importantly, firms expanded payrolls in both January and February, consistent with a pickup in investment plans for 2008.

Firms plan to boost nominal business investment about 6% in 2008, according to the annual survey of investment intentions. The increase bettered last year's hike, and was evenly spread between construction and machinery and equipment.

More importantly, higher investment signals that firms intend to spend more for a sixth straight year. In past investment cycles, spending typically started to wane in the fifth year of growth. Of course, past cycles never saw the boom in commodity prices that is also entering its sixth year, and remains the driving force behind investment growth.

Energy continued to fuel higher investment, rising another 10% in 2008. The oil sands and pipelines spearheaded this gain, followed by steady gains for utilities. Energy investment represents 38% of all business investment in 2008, down slightly from its peak of 40% in 2006. It was less than one-quarter as recently as of 1999.

In 2008, oil sands producers intend to invest $19.7 billion, up 23% after a 31% hike in 2007. This exceeds the total investment plans of $19.6 billion by all manufacturing industries. Just a decade ago, oil sands investment was less than one-tenth the capital outlays made by manufacturers ($1.4 billion versus $21.6 billion in 1998).

This shift in investment growth from manufacturing to the oil sands dramatically summarizes one of most fundamental structural changes in Canada's economy in the past decade. Investment in the oil sands has risen from $5.2 billion in 2003 to a projected $19.7 billion in 2008. This is the largest five-year increase ever posted by any major sector (let alone individual industry) outside the oil patch, including the current surge in transportation and mining, the $9 billion hike at the peak of the manufacturing boom in 2000 and the $10 billion Y2K-related splurge by finance ending in 1999.

Oil sands investment has surpassed manufacturing because of its rapid growth, not because manufacturing has been weak. By its own standards, manufacturing investment remains at a high level. Firms plan to spend 7% more on factories this year, mostly on productivity-enhancing machinery and equipment. This $19.6 billion vote of confidence in the future of manufacturing in Canada was the highest investment since the peak of the information and communication technology boom in 2000, and was the most of any industry outside of the energy sector. A majority of manufacturing industries (11 out of 20, up from 6 in 2007) plan to spend more, led by refiners of oil and metals and capital goods industries. The auto industry plans to retrench slightly, partly due to the winding down of work on a new factory.

While energy has become the dominant sector in business investment, metal ore mining remains the fastest growing. Since metals prices turned up in 2003, investment has closely tracked the rise in profits. With back-to-back gains of 33% in both 2007 and 2008, investment in metal ores has almost tripled since 2003. The total investment of $4.7 billion in metals is concentrated in gold, nickel and copper mines.

Among services, only transportation planned double-digit investment growth in 2008, reflecting the growth of pipelines needed to connect the oil sands to their markets (these investments will allow pipelines to increase their capacity by one million barrels a day by 2009). Wholesale and retail trade plan modest expansions. Most other services plan little or no growth, including recreation, finance, business services, and accommodation and food. While most of these industries are not very capital intensive, this is a very muted response to growing labour shortages and the upward pressure on prices in this sector.

Definitions, data sources and methods: survey numbers, including related surveys, 1301, 1901, 2152, 2306, 2406 and 3701.

The print version of the March 2008 issue of *Canadian Economic Observer*, Vol. 21, no. 3 (11-010-XPB, $25/$243) is now available. See *How to order products*. This issue summarizes the major economic events that occurred in February and presents an article entitled "Loonie tunes: Industry exposure to the rising exchange rate".

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

Consumer goods rental industry

2006

Total operating revenues for the consumer goods rental industry edged up 1.2% in 2006 to $2.5 billion. The industry's growth was curtailed by a slowdown in the video tape and disc rental industry.

More than half (59%) of the revenue earned in the consumer goods rental industry came from the rental of videos and DVDs. The remainder was split between general rental centres (15%), specialized rentals of home health, party or recreational equipment (14%), rentals of consumer electronics and appliances (10%) and rentals of formal wear and costumes (2%).

Operating revenue for the video tape and disc rental industry dropped 1.3% in 2006 to $1.5 billion. This can be explained, in part, by the growing popularity of alternatives such as video on demand, the internet and purchasing (rather than renting) DVDs and videos. According to results of the 2006 Survey of Household Spending, households spent an average of $89 on video and DVD rental, $4 less than in 2005.

The market share of the consumer goods rental industry's 10 largest firms amounted to 56% of the industry's total operating revenues in 2006, up slightly from 55% in 2005. These firms were also more profitable than the smaller firms. The industry's 10 largest firms had a profit margin of 6.9%, compared with 5.6% recorded for the firms in the rest of the industry.

Available on CANSIM: table 352-0010.

Definitions, data sources and methods: survey number 2434.

Results from the 2006 Annual Survey of Consumer Goods Rental (and revised 2005 data) for Canada are now available. These data provide information such as the industry's revenue, expenses, salaries, wages and benefits; and operating profit margins.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kristina Myers (613-951-2327, fax: 613-951-6696, *kristina.myers@statcan.ca*), Service Industries Division. ■

Construction Union Wage Rate Index

February 2008

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in February compared with the January level of 140.2 (1992=100). The composite index increased 0.9% compared with the February 2007 index (139.0).

Union wage rates are published for 16 trades in 20 metropolitan areas for both the basic rates and rates including selected supplementary payments. Indexes on a 1992=100 time base are calculated for the same metropolitan areas and are published for those where a majority of trades are covered by current collective agreements.

Available on CANSIM: tables 327-0003 and 327-0004.

Definitions, data sources and methods: survey number 2307.

The first quarter 2008 issue of *Capital Expenditure Price Statistics* (62-007-XWE, free) will be available in July.

For more information, or to enquire about the concepts, methods, and data quality for this release, contact Client Services (613-951-9606; fax: 613-951-1539; *prices-prix@statcan.ca*), or Louise Chainé (613-951-3393), Prices Division. ■

New products

Canadian Economic Observer, March 2008, Vol. 21, no. 3
Catalogue number 11-010-XPB ($25/$243).

Wholesale Trade, January 2008, Vol. 71, no. 1
Catalogue number 63-008-XWE
(free).

International Travel: Advance Information, January 2008, Vol. 24, no. 1
Catalogue number 66-001-PWE
(free).

Periodical Publishing: Data Tables, 2006
Catalogue number 87F0005XWE
(free).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

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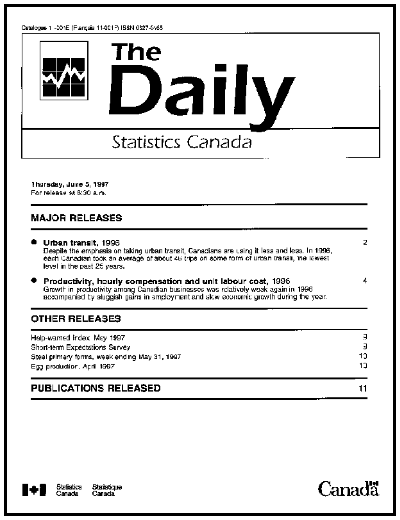

Catalogue 11-001E (Français 11-001F) ISSN 0827-0465

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
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Release dates: March 25 to 28, 2008

(Release dates are subject to change.)

Release date	Title	Reference period
25	**Retail trade**	January 2008
25	**Employment Insurance**	January 2008
26	**Annual retail store and annual retail chain surveys**	2006
27	**National tourism indicators**	Fourth quarter 2007
27	**Envirostats**	2005
28	**Canadian agriculture at a glance**	2006
28	**Extraction System of Agricultural Statistics**	March 2008