

The Daily

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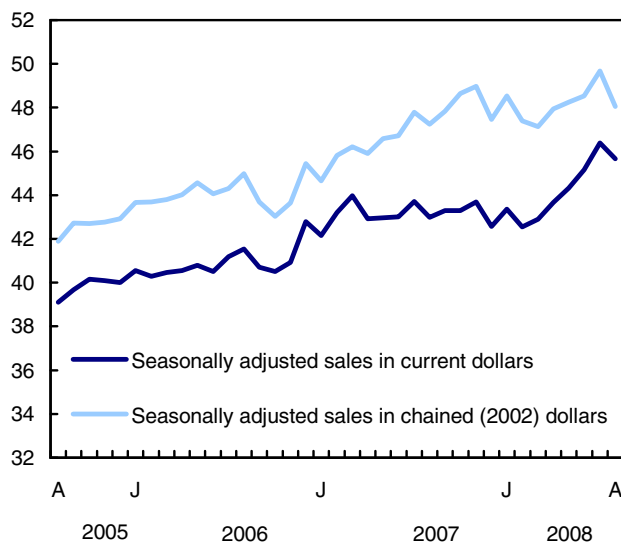
Wholesale trade

August 2008

A significant decline in the automotive sector brought to an end a string of five consecutive monthly increases in wholesale sales in August, which dropped 1.5% to \$45.7 billion in current dollars. Sales excluding the automotive products sector rose 0.5%.

Sales fall for the first time in six months

\$ billions



After removing the impact of price changes, sales in volume terms were 3.3% lower.

Sales of automotive products fell 11.7% in August to \$7.0 billion, offsetting the gains over the two previous months. A 13.2% decline in motor vehicle sales was behind most of the drop, while sales of motor vehicle parts and accessories fell 5.8%. Much of the decline in motor vehicle sales can be attributed to slowing demand for larger less fuel-efficient vehicles. According to the latest International Trade report, imports of trucks fell by 29% in August to reach their lowest level in over four years.

The increase outside of the automotive sector was in large part due to higher sales in the food, beverage and tobacco products and "other products" sectors, both of which gained 2.2% in August. The latter consists primarily of sales of agricultural fertilizers and supplies, chemicals, recycled materials and paper products.

Note to readers

Wholesale sales in real terms are calculated by deflating current dollar values using import and industry product price indexes. Since many of the goods sold by wholesalers are imported, fluctuations in the value of the Canadian dollar can lead to differences between the levels and growth rates when compared to similar estimates presented in current dollars.

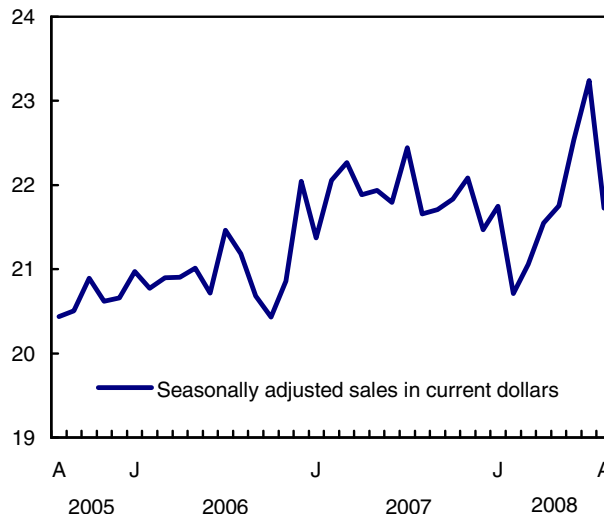
The wholesale sales series in chained (2002) dollars is a chained Fisher volume index with 2002 as the reference year.

Ontario hit by drop in automotive sector

After posting five consecutive monthly increases, Ontario reversed course in August, registering its largest decline (-6.5%) since August 2003. The automotive sector, which had fuelled most of the recent gains, was behind the drop.

Ontario sales fall in August

\$ billions



Nearly all other provinces reported higher sales in August. The most significant increases came in Western Canada, led by a 5.5% rise in British Columbia. Alberta recorded a seventh increase (+5.1%) in eight months, while in Saskatchewan, sales rose (+5.2%) for the sixth consecutive month. Higher sales of "other products" were behind much of the increase in all three provinces.

Sales in Quebec also continued to move ahead, rising for a fifth consecutive month. The recent increases are partly attributable to higher demand for personal and household goods.

Inventories rise for a sixth consecutive month

Wholesalers reported a 0.6% rise in inventories to \$56.9 billion in August, marking a sixth consecutive monthly rise.

Overall, 8 of 15 trade groups reported higher inventory levels. The most significant increases were in the "other products" (+3.6%) and metal products (+3.9%) trade groups. These advances were partially offset by a 3.2% drop in household and personal product inventories.

Following several months of declines, the inventory-to-sales ratio rose from 1.22 in July to 1.25 in August. The inventory-to-sales ratio is a measure of

the time, in months, that would be required to exhaust inventories if sales were to remain at their current level.

Available on CANSIM: tables 081-0007 to 081-0010.

Definitions, data sources and methods: survey number 2401.

The August 2008 issue of *Wholesale Trade* (63-008-XWE, free) will soon be available.

Wholesale trade estimates for September will be released on November 20.

To obtain data, or for more information, contact Client Services (toll-free 1-877-421-3067; 613-951-3549; wholesaleinfo@statcan.gc.ca). To enquire about the concepts, methods or data quality of this release, contact Marc Atkins (613-951-0291; marc.atkins@statcan.gc.ca), Distributive Trades Division.

Wholesale merchants' inventories and inventory-to-sales ratio

	August 2007	May 2008 ^r	June 2008 ^r	July 2008 ^r	August 2008 ^p	July to August 2008	August 2007 to August 2008	July 2008 ^r	August 2008 ^p
	Wholesale inventories							Inventory-to-sales ratio	
	Seasonally adjusted								
	\$ millions					% change			
Inventories	54,381	54,987	55,831	56,541	56,866	0.6	4.6	1.22	1.25
Farm products	194	175	183	182	189	4.3	-2.4	0.39	0.40
Food products	4,220	4,373	4,397	4,471	4,448	-0.5	5.4	0.65	0.63
Alcohol and tobacco	307	341	358	359	370	2.9	20.3	0.52	0.54
Apparel	1,724	1,774	1,824	1,838	1,893	3.0	9.8	2.27	2.34
Household and personal products	3,926	4,110	4,234	4,251	4,116	-3.2	4.9	1.49	1.50
Pharmaceuticals	3,521	3,802	3,874	3,899	3,883	-0.4	10.3	1.20	1.19
Motor vehicles	4,753	4,243	4,394	4,559	4,536	-0.5	-4.6	0.73	0.83
Motor vehicle parts and accessories	3,369	3,281	3,332	3,308	3,280	-0.8	-2.6	2.02	2.13
Building supplies	5,932	6,001	5,980	6,044	6,038	-0.1	1.8	1.53	1.57
Metal products	2,915	2,824	2,933	3,003	3,122	3.9	7.1	1.62	1.75
Lumber and millwork	1,164	1,107	1,135	1,186	1,228	3.6	5.5	1.21	1.25
Machinery and equipment	11,623	11,540	11,592	11,598	11,593	0.0	-0.3	2.21	2.19
Computer and other electronic equipment	1,751	1,720	1,739	1,779	1,838	3.3	5.0	0.63	0.64
Office and professional equipment	2,684	2,731	2,778	2,804	2,812	0.3	4.8	1.35	1.32
Other products	6,298	6,964	7,079	7,261	7,520	3.6	19.4	1.10	1.11

^r revised

^p preliminary

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

Wholesale merchants' sales

	August 2007	May 2008 ^r	June 2008 ^r	July 2008 ^r	August 2008 ^p	July to August 2008	August 2007 to August 2008
Seasonally adjusted							
	\$ millions					% change	
Total, wholesale sales	42,981	44,321	45,161	46,384	45,670	-1.5	6.3
Farm products	450	461	461	471	476	1.1	5.7
Food, beverages and tobacco products	7,555	7,582	7,694	7,562	7,725	2.2	2.2
Food products	6,916	6,903	6,998	6,873	7,040	2.4	1.8
Alcohol and tobacco	639	679	696	688	685	-0.5	7.2
Personal and household goods	6,472	6,772	6,886	6,893	6,831	-0.9	5.6
Apparel	782	802	801	808	808	0.0	3.4
Household and personal products	2,724	2,793	2,845	2,844	2,747	-3.4	0.8
Pharmaceuticals	2,965	3,177	3,240	3,240	3,276	1.1	10.5
Automotive products	7,728	7,088	7,668	7,909	6,987	-11.7	-9.6
Motor vehicles	6,166	5,574	6,070	6,271	5,444	-13.2	-11.7
Motor vehicle parts and accessories	1,562	1,514	1,598	1,638	1,543	-5.8	-1.2
Building materials	6,274	6,263	6,438	6,784	6,602	-2.7	5.2
Building supplies	3,782	3,768	3,841	3,950	3,835	-2.9	1.4
Metal products	1,444	1,537	1,657	1,850	1,787	-3.4	23.8
Lumber and millwork	1,048	958	940	984	980	-0.4	-6.4
Machinery and electronic equipment	9,235	9,746	9,805	10,151	10,290	1.4	11.4
Machinery and equipment	4,513	4,872	4,958	5,251	5,305	1.0	17.5
Computer and other electronic equipment	2,681	2,833	2,814	2,819	2,860	1.4	6.7
Office and professional equipment	2,040	2,041	2,034	2,081	2,126	2.1	4.2
Other products	5,266	6,409	6,208	6,616	6,759	2.2	28.3
Total, excluding automobiles	35,253	37,233	37,492	38,476	38,683	0.5	9.7
Sales, province and territory							
Newfoundland and Labrador	259	265	265	265	277	4.7	7.1
Prince Edward Island	38	41	40	40	41	3.6	6.8
Nova Scotia	567	594	591	586	597	1.9	5.3
New Brunswick	428	440	440	455	467	2.6	9.3
Quebec	8,064	8,193	8,358	8,454	8,634	2.1	7.1
Ontario	21,658	21,753	22,536	23,244	21,723	-6.5	0.3
Manitoba	1,062	1,088	1,092	1,142	1,110	-2.8	4.6
Saskatchewan	1,162	1,703	1,754	1,924	2,024	5.2	74.2
Alberta	5,214	5,764	5,614	5,773	6,066	5.1	16.4
British Columbia	4,459	4,403	4,391	4,416	4,660	5.5	4.5
Yukon	12	12	13	12	12	2.0	-3.3
Northwest Territories	55	59	57	62	52	-15.5	-4.4
Nunavut	3	5	9	13	6	-57.9	97.9

^r revised

^p preliminary

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

■

Canada's international transactions in securities

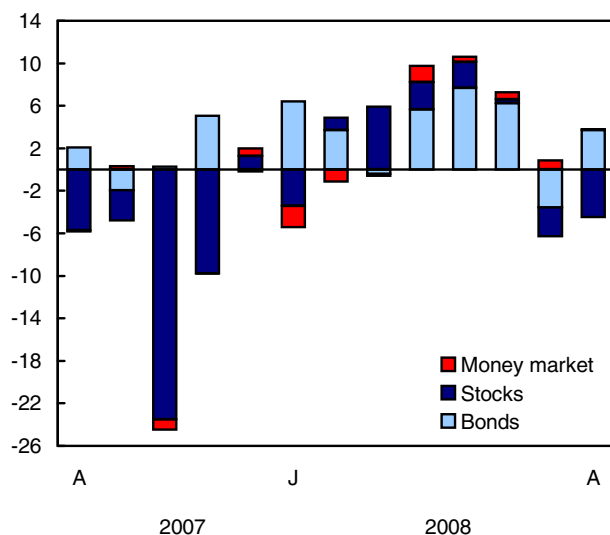
August 2008

Foreign divestment in Canadian securities slowed to \$730 million in August. Foreign investors sold Canadian shares at a faster pace in August but returned to the Canadian bond market, adding private corporate and federal government bonds to their portfolios.

Meanwhile, Canadian holdings of foreign securities edged down \$172 million. Canadian investors further reduced their holdings of foreign debt instruments in August, almost all short-term debt instruments. However, they carried on robust investment in foreign equities.

Foreign portfolio investment in Canadian securities

\$ billions



Foreign acquisitions of Canadian bonds resume

Non-residents invested \$3.7 billion in Canadian bonds in August, replenishing bonds retired in July. Foreign demand was driven by new bonds issued by private corporations (nearly all US dollar-denominated) and outstanding federal government bonds. This activity was partially offset by a foreign divestment in federal government enterprise bonds.

Meanwhile, non-residents acquired Canadian money market instruments for a fifth consecutive month, buying a nominal \$95 million in August. Nonetheless, foreign holdings of Canadian paper reached their highest level since July 2007, as the Canadian dollar experienced a 3.5 cents US decline in August.

Note to readers

All values in this release are net transactions unless otherwise stated.

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. **Government of Canada paper** includes treasury bills and US-dollar Canada bills.

Non-residents sell Canadian energy and mining shares

Non-residents' selling of Canadian equities sped up in August. Foreign investors sold \$4.5 billion of Canadian shares, mainly mining and energy shares. Canadian stock prices appreciated slightly in August while commodity and energy prices continued to fall from June peaks.

Canadian holdings of foreign debt instruments decline

Canadians sold \$1.3 billion of foreign money market paper in August. Over 70% was in US government treasury bills and the rest in US corporate paper, primarily issues of banks and other financial institutions.

Canadians have significantly reduced their holdings of foreign money market instruments during the turmoil in the credit markets. By August month end, overall holdings had been reduced by over 70% from the July 2007 peak. Holdings of foreign paper issued by the financial sector were the most affected, dropping nearly 90%. In contrast, holdings of foreign government paper increased by around 75%, reflecting a higher demand for paper with lower credit risk.

For their part, Canadians' holdings of foreign bonds remained steady in August, following sizeable declines two months in a row totalling \$4.0 billion. Divestment in US government bonds was almost equally matched by investment in other foreign bonds. On a currency basis, August saw marginal acquisitions of maple bonds by Canadians after six consecutive months of divestment.

Canadian demand for US shares continues

Canadians purchased \$1.2 billion of foreign stocks in August, adding to July's \$2.5 billion acquisition. For

both months, investment focused on US stocks and was spread across a wide variety of sectors. In August, US stock prices recovered from the loss posted in July.

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

Definitions, data sources and methods: survey number 1535.

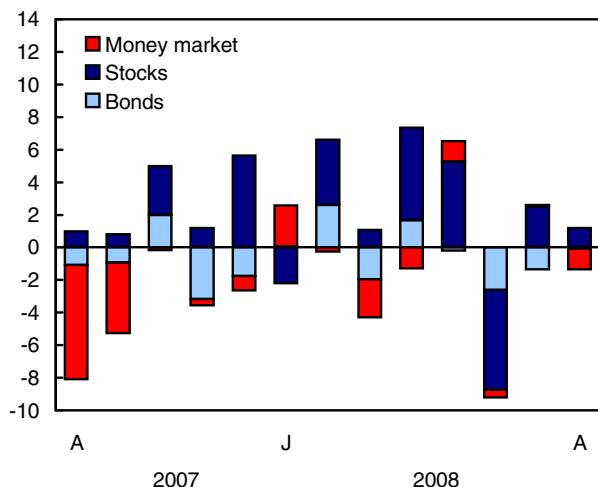
The August 2008 issue of *Canada's International Transactions in Securities* (67-002-XWE, free) will soon be available.

Data on Canada's international transactions in securities for September will be released on November 19.

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

Canadian portfolio investment in foreign securities¹

\$ billions



1. Reverse of balance of payments signs.

Canada's international transactions in securities

	May 2008	June 2008	July 2008	August 2008	January to August 2007	January to August 2008
Cumulative transactions						
\$ millions						
Foreign investment in Canadian securities	10,604	7,278	-5,480	-730	75	31,381
Bonds (net)	7,675	6,229	-3,579	3,703	8,289	29,356
Outstanding	487	5,912	821	5	2,298	22,161
New issues	10,540	8,140	1,028	3,688	30,262	37,275
Retirements	-3,790	-6,274	-5,813	-949	-25,643	-31,331
Change in interest payable ¹	437	-1,549	386	959	1,372	1,251
Money market paper (net)	465	662	845	95	-1,159	174
Government of Canada	199	708	1,667	349	-1,829	1,068
Other	266	-46	-823	-254	669	-894
Stocks (net)	2,464	387	-2,746	-4,528	-7,055	1,851
Outstanding	1,513	-763	-2,807	-4,632	5,798	-2,096
Other transactions	951	1,150	61	104	-12,853	3,947
Canadian investment in foreign securities	-6,328	9,220	-1,258	172	-47,547	-7,696
Bonds (net)	187	2,611	1,348	80	-32,774	1,884
Stocks (net)	-5,263	6,135	-2,504	-1,199	-20,316	-11,417
Money market paper (net)	-1,253	475	-102	1,291	5,544	1,837

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.

Stocks of frozen poultry meat

October 1, 2008 (preliminary)

Stocks of frozen poultry meat in cold storage totalled 82 008 metric tonnes on October 1, up 24.2% from a year ago.

Available on CANSIM: tables 003-0023 and 003-0024.

Definitions, data sources and methods: survey number 3425.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Sandra Gielfeldt (613-951-2505; sandy.gielfeldt@statcan.gc.ca) or Bernadette Alain (902-893-7251; bernadette.alain@statcan.gc.ca), Agriculture Division. ■

Large urban transit

August 2008 (preliminary)

Combined ridership on 10 large urban transit systems in Canada was 3.6% higher in August than it was for the same month in 2007.

Approximately 104.9 million passenger trips were taken on these transit systems in August. These systems account for about 80% of total urban transit in Canada.

The trips generated \$188.2 million in revenue in August (excluding subsidies), up 7.0% over August 2007.

Available on CANSIM: table 408-0004.

Definitions, data sources and methods: survey number 2745.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-500-8400; fax: 1-613-951-0009; transportationstatistics@statcan.gc.ca), Transportation Division. ■

Monthly Survey of Large Retailers

August 2008

Data for the Monthly Survey of Large Retailers are now available for August.

Available on CANSIM: table 080-0009.

Definitions, data sources and methods: survey number 5027.

A data table is also available under the *Summary tables* module of our website.

For more information or to order data, contact Client Services (toll-free 1-877-421-3067; 613-951-3549; retailinfo@statcan.gc.ca). To enquire about the concepts, methods or data quality of this release, contact Ashley Ker (613-951-2252), Distributive Trades Division. ■

Investment in new housing construction

August 2008

Data on the investment in new housing construction (including single dwellings, semi-detached dwellings, row housing, apartments and condominiums) are now available for August.

These series are not offered on CANSIM.

Definitions, data sources and methods: survey number 5155.

To order data, for more information, or to enquire about the concepts, methods or data quality of this release, contact Nicole Charron (613-951-0087; bdp_information@statcan.gc.ca), Investment and Capital Stock Division. ■

New products

Pregnancy Outcomes, 2005
Catalogue number 82-224-XWE
(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.

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