

The Daily

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Non-residents' demand for Canadian securities continued to heat up, as substantial acquisitions of Canadian debt instruments in April drove foreign investment to its highest level since November 2006. At the same time, Canadian investors added sizeable amounts of foreign instruments to their portfolios, in particular equities, as global stock markets strengthened.

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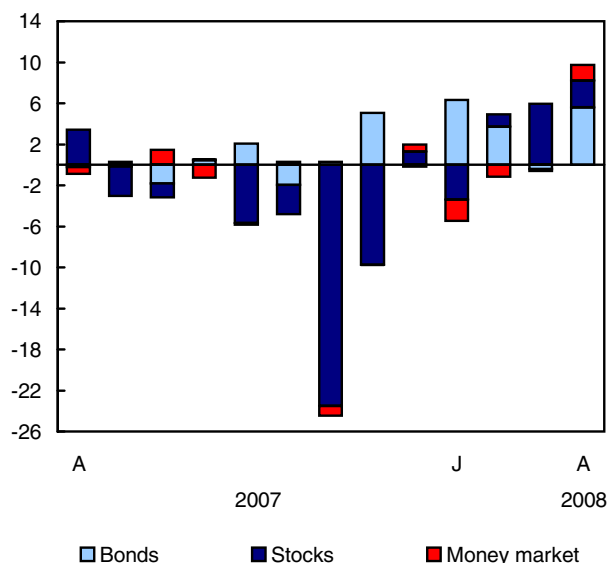
Canada's international transactions in securities

April 2008

Non-residents' demand for Canadian securities continued to heat up, as substantial acquisitions of Canadian debt instruments in April drove foreign investment to its highest level since November 2006. Foreign investment in both short- and long-term debt instruments rebounded, while equity investment continued at a strong pace.

Foreign portfolio investment in Canadian securities

\$ billions



Canadian investors added sizeable amounts of foreign instruments to their portfolios in April. Equities dominated the investment flows, as global stock markets strengthened. Investment in bonds bounced back while Canadians continued to avoid foreign money market instruments, especially US paper.

Canadian debt instruments lead foreign investment

Non-residents acquired \$7.1 billion worth of Canadian debt instruments in April, reaching the highest level over the past 12 months with over three-quarters invested in bonds. Canadian provinces and private corporations actively raised funds abroad in

Related market information

In April, the differential between Canadian and US short-term **interest rates** continued to increase in favour of investment in Canada. Canadian rates increased by 96 basis points to 2.68% as US rates moved up 3 basis points to 1.29%.

Meanwhile, Canadian long-term interest rates increased 12 basis points to 3.58% while US rates increased 26 basis points to 3.77%. Favouring investment in the United States, the resulting differential widened to 19 basis points.

Canadian **stock prices** were up 4.4% in April with the Standard and Poor's / Toronto Stock Exchange composite index ending the month with a near-record 13,937.0. Meanwhile, American stock prices climbed 4.8%, ending five months of declines. The Standard and Poor's composite index finished the month off at 1,385.6.

In April, the **Canadian dollar** rose 1.87 US cents ending the month at 99.29 US cents.

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

April, while outstanding federal government enterprise bonds continued to be in high demand.

However, non-residents disposed of \$1.5 billion worth of federal government bonds. This mainly reflected sales of the five-year Government of Canada benchmark bond by American investors.

The three-month string of foreign divestments of federal government Treasury bills came to an end as non-residents bought \$394 million in April, with Canadian short-term instruments offering relatively more attractive yields.

Foreign acquisitions of Canadian shares on the secondary market rebound

Non-residents acquired a further \$2.6 billion of Canadian stocks in April, as a result of a rebound in foreign purchases of outstanding issues. Canadian stock prices rose 4.4% to a near-record high level in

April, and soaring energy and potash prices boosted foreign investments in shares of mining, energy and industrial sectors.

Canadian investors buy US government bonds and sell US Treasury bills

Canadians bought \$1.6 billion worth of foreign bonds in April. Investment was concentrated in US government bonds, in particular the new five-year benchmark bond issued by the US government in late March. However, US corporate and non-US bonds were sold off, reflecting the continued reduction of holdings of maple bonds.

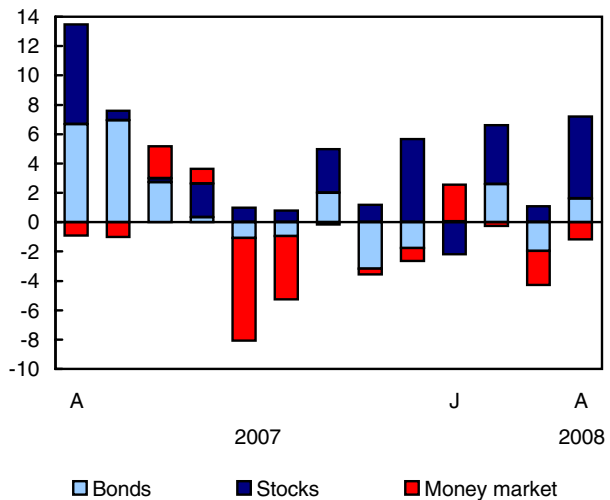
Canadians continued to reduce their holdings of US short-term paper. US government Treasury bills declined by \$853 million, the second highest drop in six years. With rapidly improving Canadian rates, the short-term interest rate differential between Canada and United States has widened to the highest level since December 2003.

Strengthened Canadian demand for foreign equities dominated by non-US stocks

As global equity markets posted solid gains in April, residents invested a substantial \$5.6 billion in foreign shares. The majority of the acquisition in April was non-US foreign stocks, fuelled by robust investment by the Canadian pension fund sector.

Canadian portfolio investment in foreign securities¹

\$ billions



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 April 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 May will be released on July 17.

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

	January 2008	February 2008	March 2008	April 2008	January to April 2007 Cumulative transactions	January to April 2008 Cumulative transactions
	\$ millions					
Foreign investment in Canadian securities	851	3,728	5,296	9,751	9,245	19,626
Bonds (net)	6,344	3,709	-401	5,577	7,767	15,229
Outstanding	4,487	3,265	5,691	1,497	3,799	14,940
New issues	3,176	2,367	2,268	5,986	13,807	13,796
Retirements	-2,001	-2,213	-8,014	-2,277	-10,520	-14,505
Change in interest payable ¹	682	290	-346	372	681	998
Money market paper (net)	-2,072	-1,182	-239	1,537	-1,427	-1,956
Government of Canada	-1,767	-410	-72	394	-2,243	-1,856
Other	-304	-772	-168	1,143	816	-100
Stocks (net)	-3,421	1,201	5,937	2,636	2,906	6,353
Outstanding	3,119	1,096	-2,079	2,537	7,138	4,672
Other transactions	-6,540	106	8,016	99	-4,233	1,681
Canadian investment in foreign securities	-352	-6,331	3,223	-5,989	-39,297	-9,449
Bonds (net)	-48	-2,592	1,949	-1,610	-23,878	-2,301
Stocks (net)	2,217	-4,023	-1,085	-5,598	-16,116	-8,489
Money market paper (net)	-2,521	284	2,359	1,220	697	1,341

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.

■

Performing arts

2006

Total operating revenues for the performing arts industry reached \$1.2 billion in 2006, almost unchanged from 2005. These revenues were split almost equally between the for-profit and not-for-profit sectors.

The operating profit margin overall rose to 5.7% in 2006, up from 4.3% in 2005.

For the for-profit companies, the profit margin rose from 8.6% to 10.3%, while for not-for-profit companies, it rose from a loss of 0.4% to a profit of 1.2%.

Results in the rest of the release are based on establishments whose combined revenues account for 92% of the industry's total revenues.

The 20 top performing arts companies accounted for nearly two-thirds of all revenue. Operating revenues of the top 20, including both sectors, rose 1.1% from 2005 and they reported a profit margin of 2.2%.

For every \$100 in revenue for not-for-profit companies, ticket sales generated \$42 and merchandising, royalties and rentals another \$9. However, grants, subsidies and donations from governments funded \$26, while those from the private sector provided the remaining \$23.

Virtually all disciplines in the not-for-profit sector recorded a surplus in 2006.

Overall, these companies attracted an estimated 12.9 million spectators in 2006, down 1.1% from 2004.

Theatres comprised the largest segment of the not-for-profit sector in 2006, attracting 57% of total attendance and 48% of total revenues. Revenues

for these companies were up 2.4% over 2004, while attendance increased by 4.7%.

Note: The proportion of performing arts businesses subject to direct survey decreased between 2004 and 2006. As a result, the 2004 survey estimates were adjusted in order to enable comparison between the two survey portions for the two years.

Available on CANSIM: table 361-0009.

Definitions, data sources and methods: survey number 3108.

Selected details from the 2006 Survey of Service Industries: Performing Arts are now available in *Performing Arts: Data Tables* (87F0003XWE, free), from the *Publications* module of our website. These tables include breakdowns of data by province and industry (North American Industry Classification System). Researchers can request special tabulations on a cost-recovery basis.

For more information about the survey, or to enquire about the concepts, methods or data quality of this release, contact Marie Lavallée-Farah (613-951-1571; fax: 613-951-6696; marie.lavallee-farah@statcan.ca) or Gilles Beaudry (613-951-5646; gilles.beaudry@statcan.ca), Service Industries Division.

For general information, contact Client Services (toll-free 1-800-307-3382; culture@statcan.ca), Culture, Tourism and the Centre for Education Statistics.

□

Selected financial statistics for performing arts, all industries, by industry

Type of establishment and Industry	Operating revenue			Operating expenses			Operating profit margin ¹		
	2004 ^r	2005 ^r	2006	2004 ^r	2005 ^r	2006	2004 ^r	2005 ^r	2006
	\$ thousands						%		
All									
Theatre (except musical) companies	340,390	344,919	341,556	336,392	335,818	334,695	1.2	2.6	2.0
Musical theatre and opera companies (including dinner theatre)	225,836	162,905	170,783	211,349	159,290	169,154	6.4	2.2	1.0
Dance companies	81,159	80,158	x	81,615	80,282	x	-0.6	-0.2	x
Musical groups and artists	298,474	343,182	335,455	265,822	308,755	283,350	10.9	10.0	15.5
Other performing arts companies (including multidisciplinary)	252,941	283,813	x	248,663	278,847	x	1.7	1.7	x
Total	1,198,800	1,214,977	1,207,625	1,143,842	1,162,993	1,139,372	4.6	4.3	5.7
For-profit									
Theatre (except musical) companies	58,054	64,038	46,993	51,605	55,059	41,880	11.1	14.0	10.9
Musical theatre and opera companies (including dinner theatre)	156,005	93,466	94,588	140,169	89,155	93,487	10.2	4.6	1.2
Dance companies	..	..	x	..	..	x	..	..	x
Musical groups and artists	162,839	203,019	182,159	128,583	166,538	131,413	21.0	18.0	27.9
Other performing arts companies (including multidisciplinary)	238,554	270,228	x	234,091	265,561	x	1.9	1.7	x
Total	615,452	630,750	590,618	554,448	576,313	530,011	9.9	8.6	10.3
Not-for-profit									
Theatre (except musical) companies	282,337	280,881	294,563	284,787	280,759	292,815	-0.9	0.0	0.6
Musical theatre and opera companies (including dinner theatre)	69,832	69,439	76,195	71,180	70,135	75,667	-1.9	-1.0	0.7
Dance companies	81,159	80,158	80,645	81,615	80,282	76,389	-0.6	-0.2	5.3
Musical groups and artists	135,634	140,164	153,296	137,240	142,218	151,937	-1.2	-1.5	0.9
Other performing arts companies (including multidisciplinary)	14,387	13,585	12,309	14,572	13,287	12,553	-1.3	2.2	-2.0
Total	583,349	584,227	617,008	589,394	586,680	609,361	-1.0	-0.4	1.2

^r revised

x suppressed to meet the confidentiality requirements of the Statistics Act

.. not available for a specific reference period

1. Profit margin is derived as follows: operating revenue minus operating expenses, expressed as a percentage of operating revenue.

Farm business cash flows

2007

Cash income for Canadian farm businesses increased 14.5% in 2007. The impact of rising grain and oilseed prices more than offset large increases in operating costs and lower receipts for hog and cattle producers.

Cash income for the year rose to \$8.1 billion, following two consecutive years of decline. The level was 4.0% above the previous five-year average (2002 to 2006), which included the bovine spongiform encephalopathy period and some years of low grain prices.

Farmers in Quebec, Ontario and the Prairie provinces recorded gains in cash income. Cash income dropped to extremely low levels in the Atlantic provinces and British Columbia. This divergence was largely a result of the wide range of crops and livestock produced across Canada.

Cash available to producers through borrowing increased in 2007, resulting in a \$1.7 billion net increase

in loans outstanding. Loans outstanding have increased for 14 consecutive years. The 2007 net increase in loans outstanding was below the previous five-year average increase of \$1.8 billion.

The amount of cash available for investment or withdrawal (cash income plus the net change in loans outstanding) increased 12.5% to \$9.9 billion in 2007. This was 2.5% above the average of the previous five years.

The loans outstanding to cash income ratio fell to 5.6 in 2007 from a record high 6.2 in 2006. However, the 2007 ratio remained above the previous five-year average of 5.3. This ratio indicates the burden of farm debt on farm cash income.

As a result of the release of data from the 2006 Census of Agriculture on May 16, 2007, estimates of the farm business cash flows and other data contained in the *Agriculture Economic Statistics* series will be revised, where necessary. These revisions will be announced in a future release of the series in *The Daily*.

Please note that this series does not include data on depreciation, which are available in the publication *Farm Operating Expenses and Depreciation Charges: Agriculture Economic Statistics* (21-012-XWE, free).

Available on CANSIM: table 002-0023.

Definitions, data sources and methods: survey number 5031.

The publication *Farm Business Cash Flows: Agriculture Economic Statistics*, June 2008, Vol. 7, no. 1 (21-018-XWE, free) is now available. From the *Publications* module of our website, under *Free Internet publications*, choose *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Stephen Boyd (613-951-1875; stephen.boyd@statcan.ca), Agriculture Division. ■

Balance sheet of the agricultural sector

December 31, 2007

Farm sector equity in Canada increased 2.7% in 2007 to \$198.9 billion, as assets rose more rapidly than liabilities. The 2007 equity level was 6.2% above the previous five-year average for the period between 2002 and 2006. Provincially, farmers in Quebec, Ontario, Saskatchewan, Alberta and British Columbia recorded increases.

Total farm assets grew by 3.0% to \$248.6 billion in 2007, 7.3% above the previous five-year average. The value of farm real estate, which accounts for almost two-thirds of total farm assets, was the primary contributor, increasing 3.8% to \$154.7 billion and continuing the long-term upward trend seen since 1988. In addition to the increases in farm real estate and machinery, current assets edged upward as the increase in the value of crop inventories offset the decline in the value of livestock inventories. Assets grew in all provinces except Prince Edward Island and New Brunswick, where the value of crop and livestock inventories decreased significantly and land values were relatively flat.

Farm liabilities at the end of 2007 reached \$49.7 billion, up 3.9% from 2006 and the 14th consecutive annual rise. Current liabilities advanced 6.3%, while long-term liabilities recorded an annual increase of 3.2%. Prince Edward Island was the only province to record a decrease in liabilities in 2007.

The assets and liabilities in the balance sheet of the agricultural sector include those of farm businesses and non-operator landlords (for farm real estate assets leased to farm operators and the corresponding liabilities), they exclude the personal portion of farm households. This most closely reflects the assets and liabilities employed in the production of agricultural products.

The debt-to-asset ratio progressed for a 12th consecutive year, climbing to a record 20.0% in 2007, above the previous record of 19.8% reached in 2006. This ratio measures the dependence of farm businesses on debt.

The current ratio (current assets divided by current liabilities) edged down in 2007 to 1.996, compared with 2.100 in 2006. The lower ratios recorded since 2003 mean that operators within the agriculture sector have a reduced ability to pay short-term debts compared with earlier periods. The previous 10-year average (1997 to 2006) of the current ratio was 2.465.

The interest coverage ratio assesses the ability to cover interest charges with the net income being generated (before interest and taxes). This ratio increased slightly to 1.670 in 2007, compared with the record low of 1.519 in 2006. The 2007 level remained below the previous 10-year average of 2.510.

Return on equity rose slightly to 1.0% in 2007. This was following two consecutive annual decreases after an 8-year high in 2004 (2.9%). The 2007 level remained below the previous 10-year average of 2.0%.

As a result of the release of data from the 2006 Census of Agriculture on May 16, 2007, estimates of the balance sheet of the agricultural sector at December 31 and other data contained in the *Agriculture Economic Statistics* series will be revised, where necessary. These revisions will be announced in a future release of the series in *The Daily*.

Available on CANSIM: table 002-0020.

Definitions, data sources and methods: survey number 5029.

The publication *Balance Sheet of the Agricultural Sector: Agriculture Economic Statistics*, June 2008, Vol. 7, no. 1 (21-016-XWE, free) is now available. From the *Publications* module of our website, under *Free Internet publications*, choose *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Stephen Boyd (613-951-1875; stephen.boyd@statcan.ca), Agriculture Division. ■

Steel pipe and tubing

April 2008

Data on the production and shipments of steel pipe and tubing are now available for April.

Available on CANSIM: table 303-0046.

Definitions, data sources and methods: survey number 2105.

The April 2008 issue of *Steel, Tubular Products and Steel Wire* (41-019-XWE, free) will soon be available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing and Energy Division. ■

Steel wire and specified wire products

April 2008

Data on steel wire and specified wire products production are now available for April.

Available on CANSIM: table 303-0047.

Definitions, data sources and methods: survey number 2106.

The April 2008 issue of *Steel, Tubular Products and Steel Wire* (41-019-XWE, free) will soon be available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing and Energy Division. ■

New products

Canadian Social Trends, Commemorative supplement
Catalogue number 11-008-XWE
(free).

Balance Sheet of the Agricultural Sector:
Agriculture Economic Statistics, June 2008, Vol. 7,
no. 1
Catalogue number 21-016-XWE
(free).

Farm Business Cash Flows: Agriculture Economic
Statistics, June 2008, Vol. 7, no. 1
Catalogue number 21-018-XWE
(free).

New Motor Vehicle Sales, April 2008, Vol. 80, no. 4
Catalogue number 63-007-XWE
(free).

Performing Arts: Data Tables, 2006
Catalogue number 87F0003XWE
(free).

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

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The Daily

Statistics Canada

Thursday, May 29, 2008
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Releases

Canada's balance of international payments, first quarter 2008	2
The current account surplus with the rest of the world (on a seasonally adjusted basis) increased sharply to \$5.0 billion in the first quarter of 2008, led by higher prices for several exported commodities compared with a lower level of oil. In the financial account, foreign direct investment flows into Canada slowed significantly from the expansion-driven pace of the previous quarter, while Canadian direct investment abroad continued to strengthen.	
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2006 Census profiles

While the majority of the census and earnings release components, the complete cumulative profile is now available for census divisions, census subdivisions, dissemination areas, forward sortation areas, designated places, urban areas, and census metropolitan areas and census agglomerations with census subdivisions. To obtain these profiles in electronic format (links vary for different geography levels), contact Statistics Canada's National Contact Centre.

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