

MONTHLY ECONOMIC INDICATORS

February 2001

HIGHLIGHTS

-  **Output pauses in November, held back by slowing North American demand for autos.**
-  **Employment is flat in January, but the unemployment rate rises to 6.9% as more people enter the labour market.**
-  **The U.S. outlook weakens further, prompting authorities to cut interest rates by 100 basis points.**
-  **The Bank of Canada lowers its key rate by 25 basis points on January 23, citing the impact of slower U.S. growth on the Canadian economy.**
-  **Lower rates contribute to a modest pickup in stock prices in January.**

Key Monthly Economic Indicators

		% Change since		
		last month	last year	
Real GDP (\$92 B)	797.0	0.1	3.7	Nov
Goods	260.6	-0.0	3.3	Nov
Services	536.4	0.1	4.0	Nov
Composite Index	166.6	-0.4	7.0	Dec
Employment (000's)	15,067	0.0	1.9	Jan
Full-time	12,339	-0.2	1.8	Jan
Part-time	2,728	0.7	2.0	Jan
Unemployment* (%)	6.9	6.8	6.8	Jan
Youth*	12.1	12.5	12.5	Jan
Adult*	5.8	5.7	5.7	Jan
CPI inflation*	3.2	3.2	2.6	Dec
Retail Sales (\$M)	23,389	0.4	6.1	Nov
Housing Starts (000's)	174.1	20.1	15.8	Jan
Trade Balance* (\$M)	4,490	4,850	3,476	Nov
Exports	35,546	0.8	12.2	Nov
Imports	31,056	2.2	10.1	Nov
M&E	10,664	2.7	14.6	Nov
3-mth Corp. paper* (%)	5.28	5.71	5.25	Feb 7
Long bond yield* (%)	5.67	5.56	6.27	Feb 7
Canadian dollar* (US¢)	66.21	66.69	69.18	Feb 9

*Data in levels only – % change not reported.

The "Monthly Economic Indicators" (MEI) provides a variety of economic analysis and data in a convenient format. The MEI does not interpret or evaluate government policies, and every attempt is made to present factual information in an informed and balanced manner consistent with generally accepted economic principles. It is available to all employees of Industry Canada in either hard or electronic copy, or can be accessed via the Internet at http://strategis.ic.gc.ca/sc_ecnmy/mera/engdoc/03.html.



Industry
Canada

Industrie
Canada

Canada

MONTHLY ECONOMIC INDICATORS

February 2001

CONTENTS

The Economy	Page
<i>Real GDP by Industry</i>	3
<i>Consumer Spending and Attitudes</i>	4
<i>Business Investment in Plant and Equipment</i>	5
<i>Housing</i>	6
<i>Trade and Competitiveness</i>	7
Labour Market Trends	
<i>Employment and Unemployment</i>	8
<i>Industry Overview</i>	9
<i>Provincial Overview</i>	10
Prices and Financial Markets	
<i>Consumer and Commodity Prices</i>	11
<i>Short-term and Long-term Interest Rates</i>	12
<i>Exchange Rates and Stock Prices</i>	13
The United States Economy	
<i>U.S. Economic Trends</i>	14
Coming Up...	
<i>Key Future Data Releases/Planned Events</i>	15

This report uses data available as of February 9, 2001. It has been prepared by Éric Chalifoux, Joe Macaluso, Arif Mahmud and Karen Smith of the Micro-Economic Analysis Directorate, under the direction of Raynald Létourneau and Shane Williamson. Translation has been provided by Lucie Larocque and Sue Hopf is responsible for production support. All information is taken from public sources, primarily Statistics Canada, the Bank of Canada and the Canada Mortgage and Housing Corporation. Please address comments to Shane Williamson at 613-995-8452 or through the Internet at williamson.shane@ic.gc.ca.

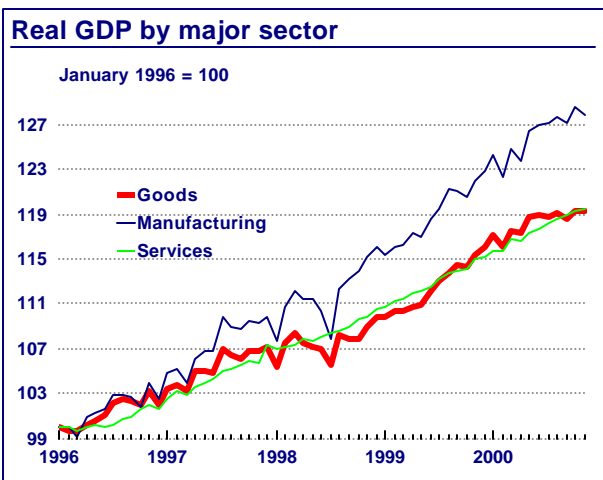
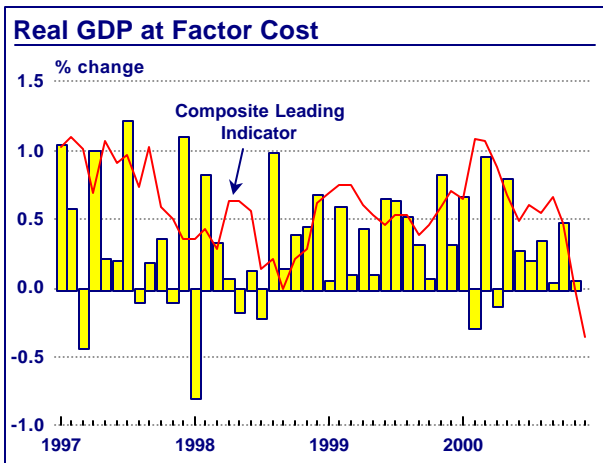


Output is little changed in November...

- Following a 0.5% advance the previous month, real GDP at factor cost edged up 0.1% in November. Signalling continued weakness, the composite leading indicator fell in December for the first time since 1995.

... as weaker auto sales dampen activity in several industries

- Output in the Goods sector was flat in November. Slow North American demand for autos held back Manufacturing activity, which was also affected by a drop in production of communications equipment. Continued growth in housing demand and an increase in engineering construction spurred gains in Construction, while increased production of mineral fuels contributed to higher output in the Mining industries.
- Activity in the Services Sector edged up 0.1% in November, as telecommunications carriers and postal and courier industries boosted output in Communications. Lower auto sales and slower growth in the computer industry fuelled a drop in Wholesale Trade, while falling stock markets led to a decline in Finance & Insurance.



Real GDP at Factor Cost (1992 dollars)

November 2000

	\$ millions	monthly change	% Change since last month	% Change since last year
Total Economy	797,009	426	0.1	3.7
Business sector	667,199	294	0.0	4.2
Goods	260,581	-103	-0.0	3.3
Agriculture	12,947	70	0.5	-4.2
Fishing & Trapping	649	-12	-1.8	-13.4
Logging & Forestry	4,493	-139	-3.0	-6.2
Mining*	27,502	162	0.6	2.3
Manufacturing	145,494	-791	-0.5	4.8
Construction	42,960	312	0.7	1.6
Other Utilities	26,536	295	1.1	5.8
Services	536,428	529	0.1	4.0
Transport & Storage	37,038	132	0.4	3.6
Communications	31,133	310	1.0	9.3
Wholesale Trade	50,836	-468	-0.9	2.3
Retail Trade	51,284	-21	-0.0	5.9
Finance & Insurance	43,856	-314	-0.7	4.8
Real Estate & Ins. Agent	83,592	201	0.2	2.8
Business services	51,506	223	0.4	10.0
Government services	47,916	208	0.4	3.3
Education	40,915	-75	-0.2	0.4
Health & Social Services	46,518	15	0.0	0.4
Accommodation & Food	21,608	200	0.9	4.8
Other	30,226	118	0.4	1.9

*Includes Quarrying and Crude Petroleum & Natural Gas

THE ECONOMY

Consumer Spending and Attitudes



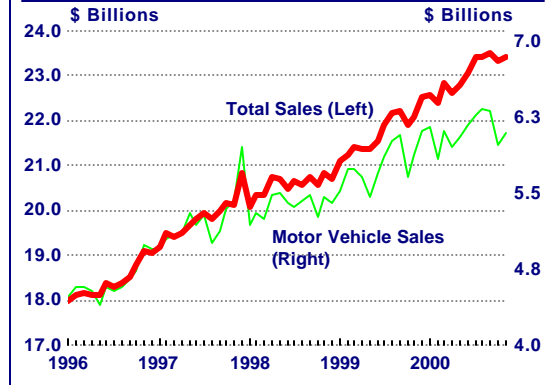
Consumer spending is strong in the third quarter...

- Consumer spending posted its largest increase in more than two years in the third quarter.
- While spending was up across all major categories, purchases of consumer durables jumped 16.3% (annualized). Motor vehicle sales were boosted by generous manufacturers' incentives.
- Disposable income rose at a slower rate than personal income (1.4%), as transfers to governments outpaced income growth in the third quarter. After adjusting for inflation, personal disposable income fell 1.5%, the first quarterly drop in four years.

...but weakens in the fourth quarter

- Despite strong employment growth, lower confidence affected consumer demand in the fourth quarter. Retail sales recovered somewhat in November, but have been essentially flat since July. Available data for December point to an increase in motor vehicle sales, however.

Total Retail and Motor Vehicle Sales



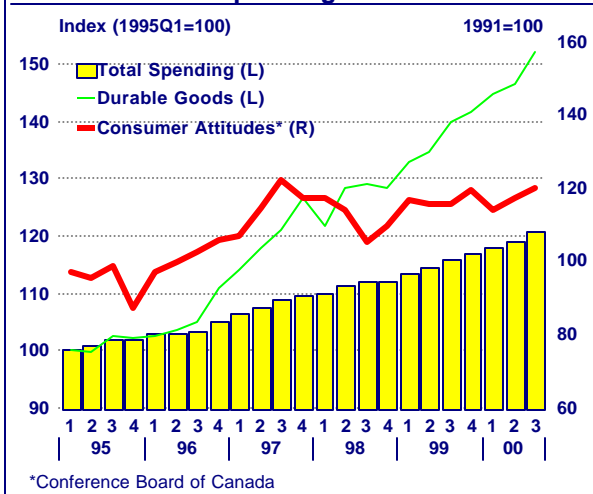
Retail Sales and Consumer Credit

	November 2000 \$ millions	% Change since	
		last month	last year
Total Retail Sales (S.A.)	23,389	0.4	6.1
Food	5,165	0.1	4.4
Drug Stores	1,158	0.5	2.4
Clothing	1,279	-0.1	6.7
Furniture	1,291	0.3	9.8
Automotive	9,394	1.6	7.0
General Merch. Stores	2,604	-1.5	6.5
All other Stores	2,501	-0.9	5.2
Total ex. motor vehicles	17,307	-0.1	7.0
Consumer Credit (unadjusted)	189	0.4	8.8

Real Consumer Spending and Household Finances

	\$ Millions, SAAR (unless otherwise noted)		2000 Q2	2000 Q3
	1998	1999		
Real Consumption (92\$)	487,866	504,763	522,044	529,036
% change	2.9	3.5	3.6	5.5
Durable Goods	66,487	71,859	76,776	79,724
% change	5.9	8.1	4.8	16.3
Semi-Durable Goods	45,751	47,103	48,976	50,000
% change	4.4	3.0	3.2	8.6
Non-Durable Goods	120,795	123,344	125,572	126,084
% change	1.7	2.1	1.9	1.6
Services	254,833	262,457	270,720	273,228
% change	2.5	3.0	4.1	3.8
Disposable Income	567,960	590,608	622,172	624,300
% change	3.9	4.0	5.2	1.4
Saving Rate (%)	4.5	3.7	3.9	2.3
Debt-to-Income Ratio (%)	94.9	96.1	95.4	96.3

Real Consumer Spending and Attitudes



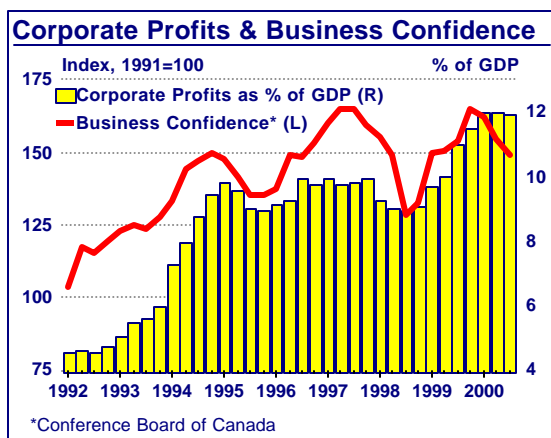
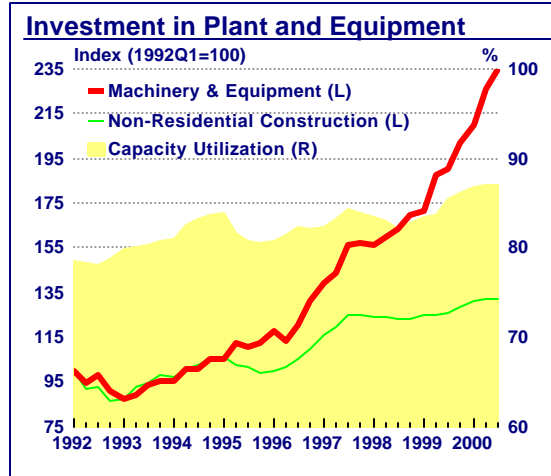


Business investment remains strong in the third quarter...

- Business investment in M&E remains very strong, rising 16.0% (annual rate) in the third quarter. Purchase of telecommunications equipment led the third quarter advance.
- However, Non-Residential Construction activity edged lower. Non-residential building was flat, while exploration activity in the oil and gas sector was constrained by poor weather and shortages of equipment and personnel.

...and should rise further

- Business confidence has fallen from its peak late in 1999, despite strong growth and an improving profit picture over the past two years.
- Most indicators suggest that investment rose further in the fourth quarter. Total imports of M&E were up sharply in November, more than offsetting a fall in October. This rise was supported by higher purchases of telecommunications equipment and aircraft. Increased activity in the oil patch has also provided a boost to Non-Residential Construction.



Business Investment and Corporate Finances

\$ Millions, SAAR (unless otherwise noted)

	1998	1999	1999 Q4	2000 Q1	2000 Q2	2000 Q3
BUSINESS INVESTMENT						
Machinery & Equipment (1992\$)	65,357	75,557	81,248	84,616	91,036	94,472
% change	9.0	15.6	27.2	17.6	34.0	16.0
Non-residential Construction (1992\$)	39,502	40,288	41,040	42,056	42,348	42,296
% change	1.7	2.0	8.6	10.3	2.8	-0.5
Capacity Utilization (% , Non-farm goods)	82.8	84.6	86.0	86.8	87.0	86.9
Capacity Utilization (Mfg. sector)	83.8	85.7	86.6	87.1	87.1	87.5
CORPORATE FINANCES & ATTITUDES						
Corporate Operating Profits	142,296.0	174,317.0	189,792.0	204,916.0	209,996.0	210,212.0
% change	-13.3	22.5	19.0	35.9	10.3	0.4
Profits - Non-financial industries	94,891.0	123,372.0	135,332.0	139,896.0	145,836.0	148,632.0
% change	-13.6	30.0	18.4	14.2	18.1	7.9
Profits - Financial industries	47,406.0	50,945.0	54,460.0	65,016.0	64,160.0	61,580.0
% change	-12.5	7.5	20.5	103.1	-5.2	-15.1
Business Credit	693,247.3	729,422.8	746,826.3	758,165.0	775,813.7	785,092.3
% change	10.7	5.2	6.4	6.2	9.6	4.9



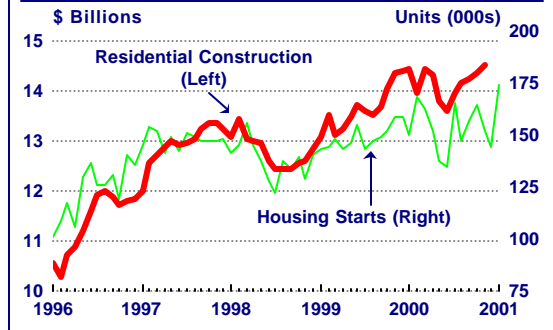
The housing sector recovers in the third quarter...

- Business investment in Residential Construction rose 6.0% in the third quarter, partly offsetting a decline in the previous period.
- A recovery from a Spring strike by cement truck drivers in Toronto contributed greatly to this advance, leading to higher investment in new housing. Sales of existing homes were also up on the quarter, along with an increase in the pace of renovation activity.

...and likely advances further in the fourth quarter

- Most housing market indicators point to continued growth. Residential construction was up 1.1% in November, the fifth straight monthly increase. Housing starts declined 0.3% overall in the fourth quarter, but surged 20% in January to an annualized 174,100 units, the highest level since 1994.
- Recent cuts in mortgage rates may support future housing market demand.

Housing Activity



Monthly Housing Indicators

	levels	Change since	
		last month	last year
Residential Construction (1) (\$92M, factor cost basis)	14,526	1.1%	1.1%
Building Permits, \$M (2)	1,669	-4.2%	-9.3%
Sales of Existing Homes (2) (# of units)	18,816	-1,597	
Housing Starts, # of units (3)	174,100	29,100	23,800
Newfoundland	800	-300	-400
Prince Edward Island	500	-100	0
Nova Scotia	4,000	700	-700
New Brunswick	3,000	1,800	-1,700
Quebec	20,700	2,900	2,100
Ontario	79,600	13,700	17,100
Manitoba	1,600	100	300
Saskatchewan	1,700	900	-900
Alberta	24,200	1,600	3,900
British Columbia	18,900	8,000	8,600

1 - November data; 2 - December data; 3 - January data
Sources: Statistics Canada, Canada Mortgage and Housing Corporation, Canadian Real Estate Association

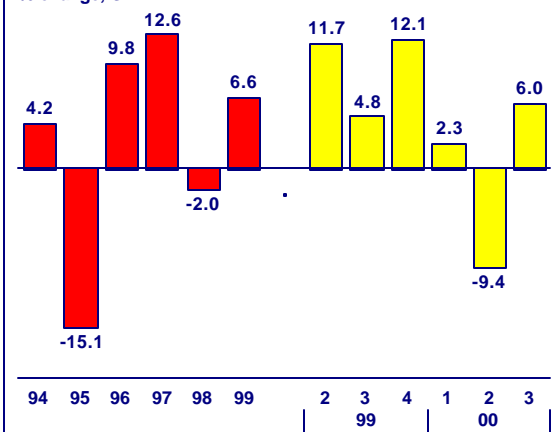
Real Investment in Residential Structures

\$92 Millions, SAAR (unless otherwise noted)

	1998	1999	2000 Q2	2000 Q3
Residential Construction	41,523	44,259	44,912	45,564
% change	-2.0	6.6	-9.3	5.9
Construction by Business sector	41,277	43,983	44,640	45,292
% change	-2.0	6.6	-9.4	6.0
New Housing	20,701	22,258	21,968	22,268
% change	-3.5	7.5	-17.8	5.6
Alterations & Improvements	13,640	14,399	15,380	15,644
% change	2.4	5.6	2.6	7.0
Ownership & Transfer Costs	7,182	7,259	7,564	7,652
% change	-5.7	1.1	-5.5	4.7

Growth in Real Residential Construction

% change, SAAR



THE ECONOMY



Trade and Competitiveness

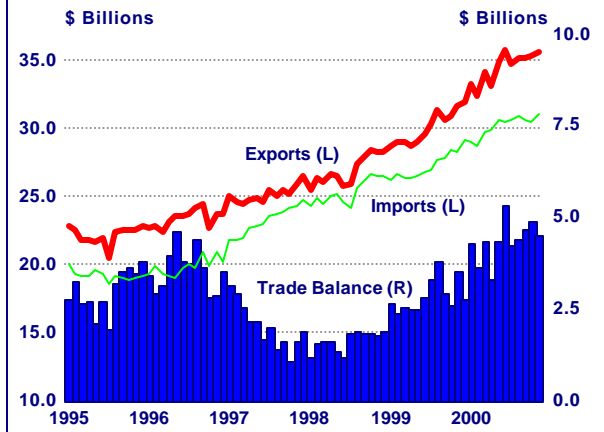
Imports outpace exports in November...

- Imports rose 2.2% in November, with sharp increases for Energy Products, Industrial Goods & Materials and M&E. Lower imports of Automotive Products reflect the general slowdown in this sector.
- Exports rose 0.8% in November. Exports of Energy Products were boosted by electricity sales to California and higher sales of natural gas and crude petroleum. Falling exports of telecommunications equipment lowered exports of M&E.

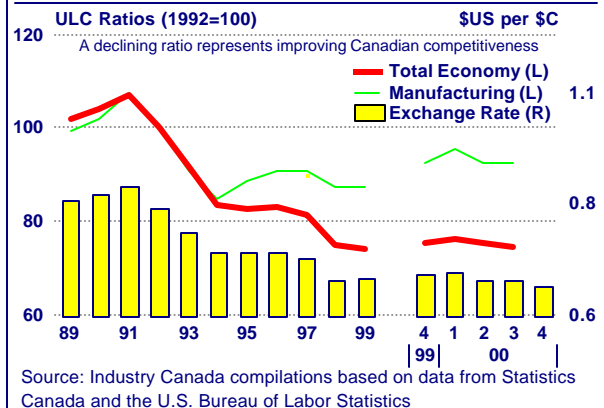
...leading to a lower trade surplus

- With imports rising faster than exports, Canada's trade surplus declined to \$4.5 billion in November.
- The cumulative trade surplus over the first eleven months of the year was \$47.5 billion, up \$16.5 billion on a year-to-date basis.

Merchandise Trade Flows and Balance



Canada-U.S. Unit Labour Cost Ratios



Merchandise Trade

November 2000	Levels (\$ millions)		Year-to-date (\$ millions)		Change (\$M)	% Change	
	October 2000	November 2000	1999 Jan-Nov.	2000 Jan-Nov.		Oct. to Nov. 2000	Oct. to Nov. 2000
Exports	35,247	35,546	328,748	379,358	299	0.8	12.2
to United States	30,556	31,064	282,152	326,721	508	1.7	14.7
Imports	30,397	31,056	297,655	331,809	659	2.2	10.1
from United States	22,408	22,525	227,422	244,428	117	0.5	6.4
Trade Balance	4,850	4,490	31,093	47,549	-360		
with United States	8,148	8,539	54,730	82,293	391		
Exports by Commodity							
Agriculture/Fishing Products	2,263	2,290	23,336	25,171	27	1.2	6.2
Energy Products	4,168	4,628	26,857	45,352	460	11.0	57.8
Forestry Products	3,430	3,455	35,654	38,196	25	0.7	3.4
Industrial Goods & Materials	5,503	5,493	52,314	59,140	-10	-0.2	8.5
Machinery & Equipment	9,149	8,932	78,416	95,495	-217	-2.4	14.4
Automotive Products	8,217	8,215	87,196	88,952	-2	0.0	1.5
Other Consumer Goods	1,265	1,292	12,323	13,365	27	2.1	15.8
Imports by Commodity							
Agriculture/Fishing Products	1,607	1,606	16,149	16,925	-1	-0.1	10.2
Energy Products	1,393	1,709	9,468	16,148	316	22.7	43.3
Forestry Products	253	263	2,498	2,799	10	4.0	10.5
Industrial Goods & Materials	5,777	6,100	56,418	64,485	323	5.6	12.2
Machinery & Equipment	10,388	10,664	98,775	112,012	276	2.7	14.6
Automotive Products	6,427	6,156	69,323	70,987	-271	-4.2	-3.7
Other Consumer Goods	3,486	3,511	33,668	36,572	25	0.7	11.5

LABOUR MARKET TRENDS



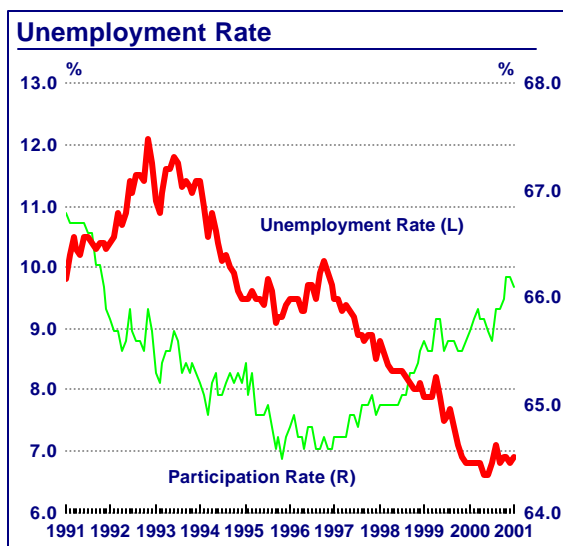
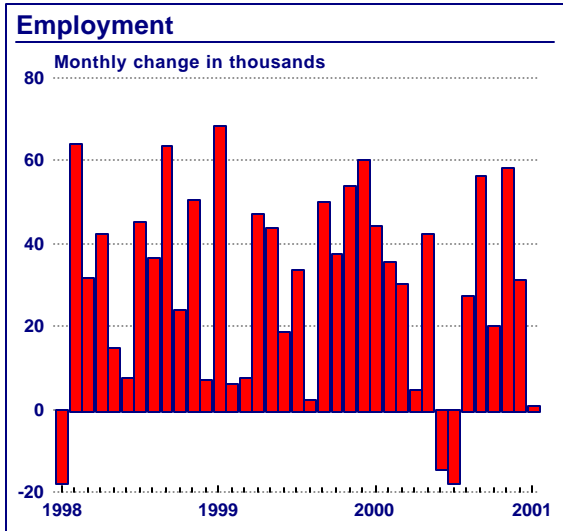
Employment and Unemployment

Employment growth pauses in January...

- Employment was flat in January, with the loss of 20,000 full-time jobs offset by an equivalent gain in part-time work. Employment was little changed across the three major demographic groups (youth, adult men and adult women).
- January's pause follows strong job growth over the last five months of 2000. Employment rose 319,000 overall in 2000, building on a net increase of 427,000 jobs in 1999.

...and the unemployment rate edges up to 6.9%

- The labour force continued to rise despite flat employment, increasing the national unemployment rate 0.1 percentage points to 6.9%. Still, this remains near last May's 24-year low of 6.6%.
- An increase in the number of adult males seeking work raised the adult unemployment rate 0.1 points to 5.8%. The unemployment rate for youth dipped 0.4 points to 12.1%, due solely to a fall in the labour force.



Labour Force Trends

(in thousands)	Levels			Change since			% Change since	
	2000 January	2000 December	2001 January	last month	last year	year-to- date	last month	last year
Employment	14,791.8	15,066.7	15,067.4	0.7	275.6	0.7	0.0	1.9
Full-time	12,117.6	12,358.7	12,339.2	-19.5	221.6	-19.5	-0.2	1.8
Part-time	2,674.2	2,708.0	2,728.3	20.3	54.1	20.3	0.7	2.0
Youth 15-24	2,265.8	2,344.4	2,345.3	0.9	79.5	0.9	0.0	3.5
Adult 25+	12,526.0	12,722.3	12,722.2	-0.1	196.2	-0.1	-0.0	1.6
Self-employed	2,531.2	2,363.3	2,314.9	-48.4	-216.3	-48.4	-2.0	-8.5
Unemployment	1,077.5	1,103.7	1,113.2	9.5	35.7	9.5	0.9	3.3
Unemployment Rate	6.8	6.8	6.9	0.1	0.1	0.1		
Youth 15-24	12.5	12.5	12.1	-0.4	-0.4	-0.4		
Adult 25+	5.7	5.7	5.8	0.1	0.1	0.1		
Labour Force	15,869.3	16,170.4	16,180.6	10.2	311.3	10.2	0.1	2.0
Participation Rate	65.7	66.2	66.1	-0.1	0.4	-0.1		
Employment Rate	61.3	61.7	61.6	-0.1	0.3	-0.1		



Industry Overview

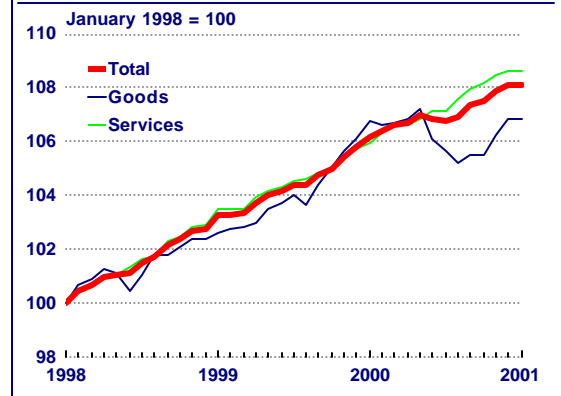
Both Goods and Services are flat in January...

- Employment in the Goods sector was little changed in January, as declines in Manufacturing and Agriculture offset modest gains elsewhere. This represents the first drop in four months for the Manufacturing Sector, but Agricultural employment has fallen steadily over the past year.
- Services employment was also flat in January. Trade (Wholesale & Retail) posted a sharp gain, building on strong growth in 2000. Employment in Health Care & Social Assistance also advanced. These gains were offset by losses in many industries, led by Management, Administrative & Other Support Services.

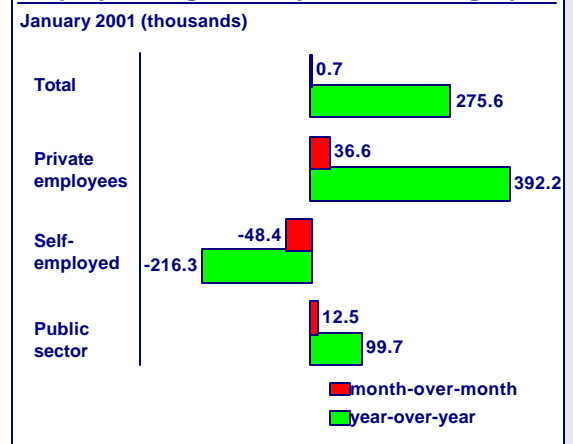
...as self-employment continues to drop

- Paid employment in the private sector and public sector both increased in January.
- However, self-employment was down 48,000 jobs, bringing year-over-year losses to 216,000.

Employment by major sector



Employment growth by worker category



Industrial Employment Trends

(in thousands)	Levels			Change since			% Change since	
	2000 January	2000 December	2001 January	last month	last year	year-to- date	last month	last year
Goods-producing	3,889.2	3,891.8	3,891.9	0.1	2.7	0.1	0.0	0.1
Agriculture	401.1	347.5	345.7	-1.8	-55.4	-1.8	-0.5	-13.8
Natural Resources*	275.5	277.7	282.9	5.2	7.4	5.2	1.9	2.7
Utilities	116.0	117.7	122.4	4.7	6.4	4.7	4.0	5.5
Construction	815.0	820.6	821.6	1.0	6.6	1.0	0.1	0.8
Manufacturing	2,281.7	2,328.4	2,319.3	-9.1	37.6	-9.1	-0.4	1.6
Services-producing	10,902.6	11,174.9	11,175.6	0.7	273.0	0.7	0.0	2.5
Trade	2,263.1	2,354.4	2,375.0	20.6	111.9	20.6	0.9	4.9
Transportation	776.6	787.8	788.1	0.3	11.5	0.3	0.0	1.5
FIRE*	859.6	881.9	869.6	-12.3	10.0	-12.3	-1.4	1.2
Professional/Scientific	927.1	988.6	994.1	5.5	67.0	5.5	0.6	7.2
Management/Administrative	512.5	559.2	530.8	-28.4	18.3	-28.4	-5.1	3.6
Educational Services	998.5	952.1	959.9	7.8	-38.6	7.8	0.8	-3.9
Health Care/Social Assistance	1,511.0	1,523.7	1,544.4	20.7	33.4	20.7	1.4	2.2
Information/Culture/Recreation	628.4	700.6	700.0	-0.6	71.6	-0.6	-0.1	11.4
Accommodation & Food	951.7	965.7	968.0	2.3	16.3	2.3	0.2	1.7
Other Services	701.3	698.4	685.8	-12.6	-15.5	-12.6	-1.8	-2.2
Public Administration	772.8	762.4	760.0	-2.4	-12.8	-2.4	-0.3	-1.7

*Natural Resources: Forestry, Fishing, Mining, Oil & Gas; Transportation includes warehousing; FIRE: Finance, Insurance, Real Estate & Leasing.



Provincial Overview

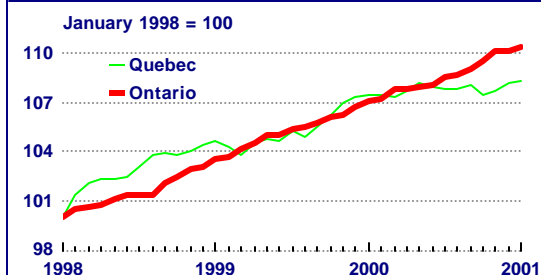
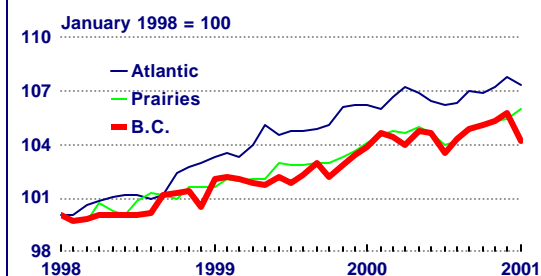
Job gains in most provinces, led by Ontario...

- A solid increase in employment dropped Ontario's unemployment rate to 5.7% in January.
- A notable gain was also registered in Newfoundland, lowering its unemployment rate by 1.4 points to 16.3%. Manitoba also posted an increase, dropping its unemployment rate to 4.6%, lowest among all provinces.
- Employment was also higher in New Brunswick, Quebec, Saskatchewan and Alberta. However, in these provinces the labour force also increased, leaving the unemployment rate unchanged in New Brunswick and higher elsewhere.

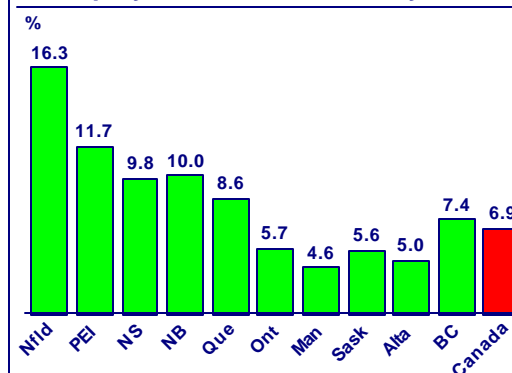
...are offset by losses in British Columbia and Nova Scotia

- Employment fell 30,000 in British Columbia, offsetting most of the gains posted over the past five months and pushing its unemployment rate up to 7.4%.
- In Nova Scotia, job losses pushed up the unemployment rate to 9.8%. Employment edged lower in P.E.I., but this small loss was accompanied by a bigger drop in the labour force and hence lower unemployment.

Regional employment patterns

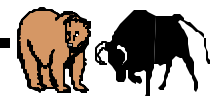


Unemployment Rates -- January 2001



Provincial Employment and Unemployment Trends

	Employment (thousands)						Unemployment rate (%)		
	Levels	Change since last month		Change since last year		Levels	Change since last month		last year
	2001 January	(000's)	%	(000's)	%				
Canada	15,067.4	0.7	0.0	275.6	1.9	6.9	0.1	0.1	
Newfoundland	206.6	1.9	0.9	2.5	1.2	16.3	-1.4	-0.7	
P.E.I.	65.1	-0.2	-0.3	0.7	1.1	11.7	-0.1	-0.8	
Nova Scotia	416.4	-9.2	-2.2	-1.1	-0.3	9.8	0.9	0.1	
New Brunswick	341.2	2.9	0.9	8.8	2.6	10.0	0.0	0.6	
Quebec	3,457.3	5.9	0.2	28.6	0.8	8.6	0.6	0.4	
Ontario	5,976.4	16.0	0.3	181.1	3.1	5.7	-0.3	0.0	
Manitoba	558.6	2.3	0.4	8.7	1.6	4.6	-0.3	-0.6	
Saskatchewan	483.4	4.2	0.9	-4.8	-1.0	5.6	0.3	0.5	
Alberta	1,619.9	6.9	0.4	44.5	2.8	5.0	0.2	-0.2	
B.C.	1,942.5	-30.0	-1.5	6.6	0.3	7.4	0.3	0.1	



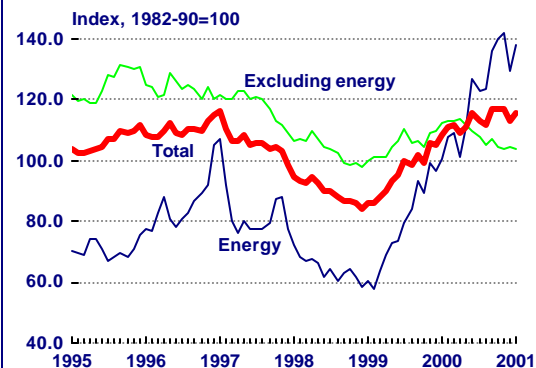
Inflation is stable in December...

- The annual rate of CPI inflation was unchanged in December at 3.2%. Higher energy prices accounted for more than one-third of the year-over-year rise, but costs were also higher for mortgage interest, fresh vegetables, meat (excluding poultry), food purchased from restaurants and rent.
- Lower prices for air transportation, computer equipment & supplies and child care put downward pressure on the index.

...and the "core" rate remains in the bottom half of the official target range

- Although inflation is at its highest point since 1991, the year when the GST was introduced, underlying cost pressures remain modest. Excluding energy, food and indirect taxes, the "core" rate of inflation edged up to 1.9% in December, near the mid-point of the 1%-3% target range set jointly by the Bank of Canada and the Department of Finance.
- Commodity prices were up 6.7% in January compared to a year ago. Prices for Energy commodities surged 37.2%, while non-energy commodities prices decreased 7.7%.

Commodity Prices (\$U.S. basis)



Consumer Prices

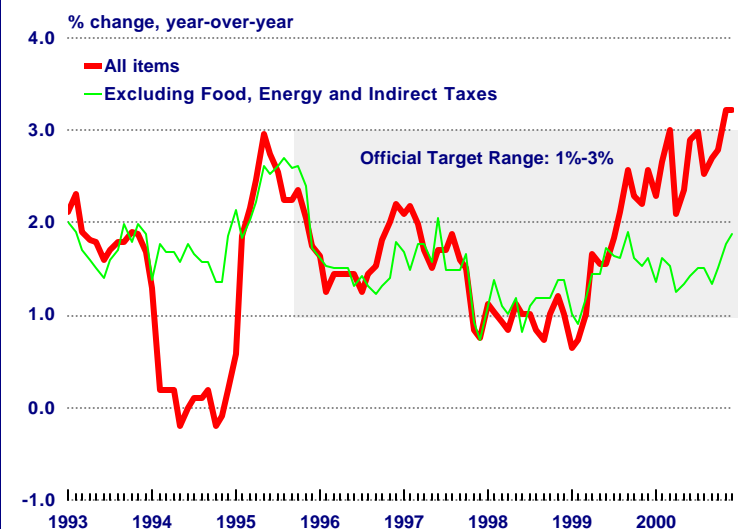
December 2000

	Index (1992=100)	% Change since	
		last month	last year
All items CPI	115.1	0.1	3.2
Food	114.5	1.4	3.2
Shelter	111.7	0.4	5.0
Household operations	110.5	-0.2	1.2
Clothing & Footwear	105.2	-0.2	1.7
Transportation	132.4	-1.2	3.2
Health & Personal Care	112.8	-0.1	1.8
Recreation, Educ. & Reading	122.0	-0.3	2.2
Alcohol & Tobacco	99.0	0.4	3.2
Excl. Food/Energy/Indirect Taxes	114.4	0.0	1.9
Energy	134.5	-1.5	13.6

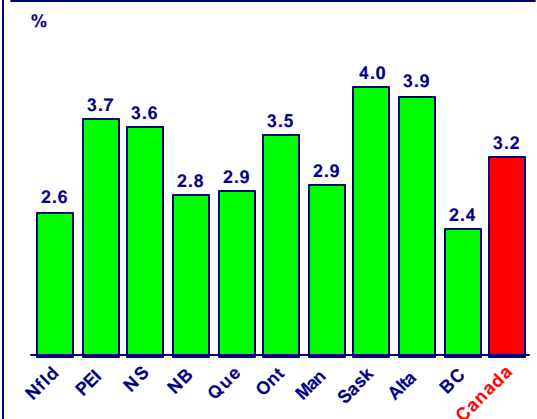
Commodity Prices (January)

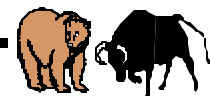
	Index, 1982-90=100	2.3	6.7
Index, 1982-90=100	115.7	2.3	6.7
Excluding Energy	103.8	-0.6	-7.7
Energy	138.0	6.6	37.2

Consumer Price Index



Provincial CPI Inflation -- December 2000



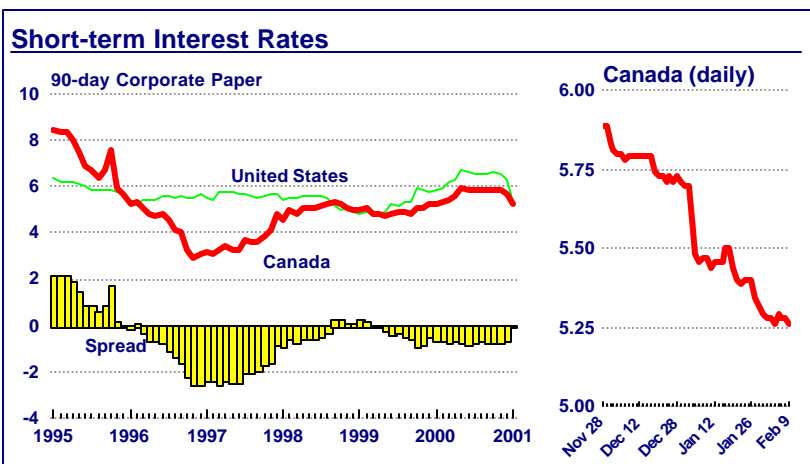


The Bank of Canada moves to lower short term interest rates...

- The Bank of Canada lowered its trend-setting Bank Rate by 25-basis points to 5.75% on January 23, following a 50 point cut in the U.S. federal funds rate earlier in the month. The U.S. subsequently lowered rates an additional 50 points on January 31.
- Given expectations of the Bank's move, market-determined short-term interest rates fell throughout January, dropping to their lowest level in a year. The Prime Rate dropped 25 points and mortgage rates also fell in January.

...but long-term yields rise

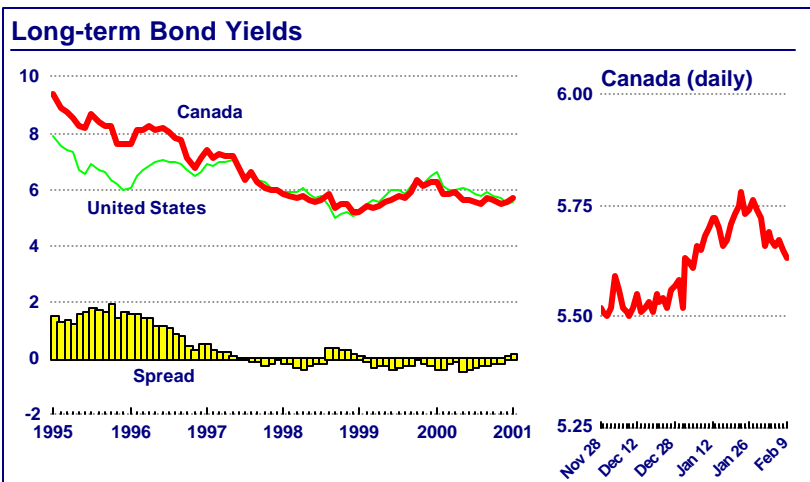
- Rate cuts by the U.S. Federal Reserve and the Bank of Canada provided some support to equities, lowering the demand for long-term bonds and pushing up yields in January.
- Canadian long-term rates have been above U.S. yields in the past two months. Moreover, the sharp drop in U.S. short-term rates have eliminated the gap between Canadian and U.S. short-term rates, which stood as high as 75 points in Canada's favour in October.



Key Money Market Rates

(end of period)	90-day Corporate Paper	spread against U.S.	Long Bond Yield	spread against U.S.
1998	5.02	0.09	5.23	0.14
1999	5.27	-0.49	6.23	-0.22
Aug 2000	5.90	-0.67	5.51	-0.23
Sept	5.83	-0.72	5.67	-0.23
Oct	5.85	-0.75	5.61	-0.14
Nov	5.89	-0.68	5.51	-0.15
Dec	5.71	-0.60	5.56	0.11
Jan 2001	5.29	-0.03	5.72	0.18
Feb 7	5.28	0.02	5.67	0.15

A positive spread indicates that Canadian rates are above their U.S. counterparts.



Key Lending Rates

(end of period)	Bank Rate	Prime Lending Rate	Mortgage Rate 1 year	Mortgage Rate 5 year
1998	5.25	6.75	6.20	6.60
1999	5.00	6.50	7.35	8.25
Aug 2000	6.00	7.50	7.90	8.25
Sept	6.00	7.50	7.90	8.25
Oct	6.00	7.50	7.90	8.25
Nov	6.00	7.50	7.90	8.25
Dec	6.00	7.50	7.70	7.95
Jan 2001	5.75	7.25	7.40	7.75
Feb 7	5.75	7.25	7.20	7.75

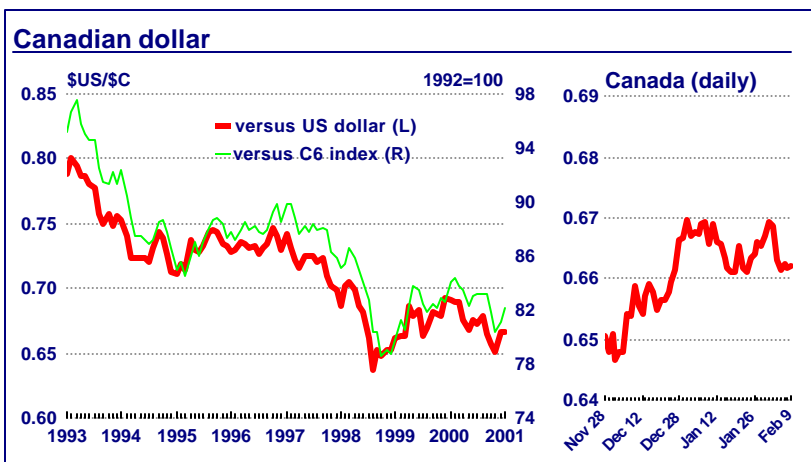


The dollar falls in early February...

- The Canadian dollar lost some ground early in January, as a number of U.S. economic indicators came in stronger than expected. The loonie strengthened later in the month, as growing evidence of weakness fuelled anticipation of a rate cut in the U.S.
- The Canadian currency lost momentum again at the beginning of February, closing at US66.2¢ on February 9.

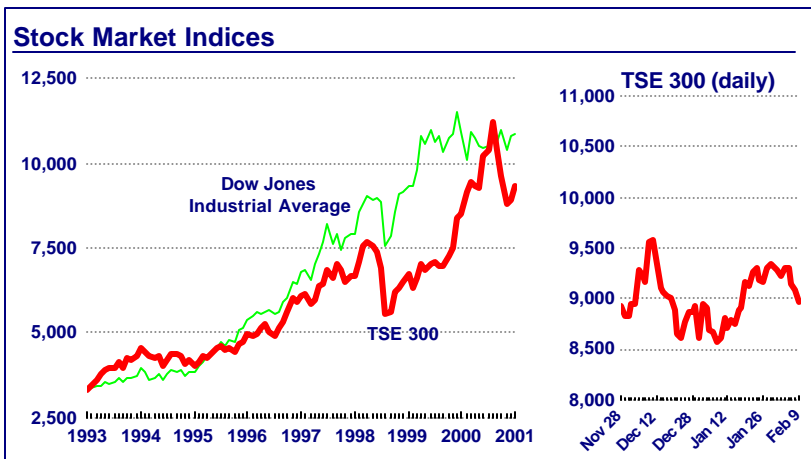
...as the TSE 300 ends the month higher

- Lower short-term interest rates increased the demand for equities in January. The TSE 300 index closed the month up 4.3%, the second straight monthly increase following a sharp drop late in 2000.
- Lower interest rates also provided a lift to the U.S. S&P 500 and Dow Jones indexes in January. However, both are down on a year-over-year basis, compared to a gain of nearly 10% for the TSE 300.



The Canadian Dollar

(close)	\$US vs. \$Cdn	index vs. C-6 (92=100)	DM vs. \$Cdn	yen vs. \$Cdn
1998	0.6522	78.71	1.082	75.91
1999	0.6929	82.67	1.313	69.66
Aug 2000	0.6796	83.13	1.459	72.86
Sept	0.6651	83.16	1.513	71.88
Oct	0.6568	81.87	1.517	71.70
Nov	0.6510	80.34	1.485	70.75
Dec	0.6669	81.19	1.433	73.64
Jan 2001	0.6672	82.15	1.387	77.67
Feb 9	0.6621			



Key Stock Market Indexes

	January Close	% change from	
		last month	last year
TSE 300	9,322	4.3	9.9
Oil & Gas	7,982	-6.9	38.0
Metals & Minerals	3,842	2.5	-5.7
Utilities	15,997	0.2	15.8
Paper & Forest	4,540	-6.0	-15.3
Merchandising	5,500	-0.4	18.7
Financial Services	10,856	-0.9	53.3
Goods	4,081	-6.0	-5.8
Price-Earnings Ratio*	23.7	0.6	-10.4
S&P 500	1,366	3.5	-2.0
Dow Jones	10,887	0.9	-0.5

*columns 2 & 3 reflect change in levels



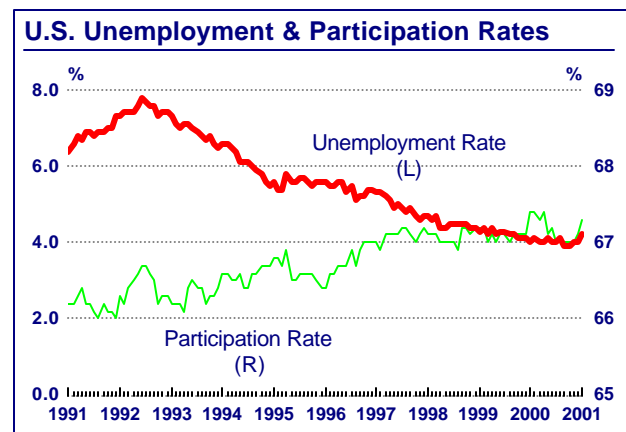
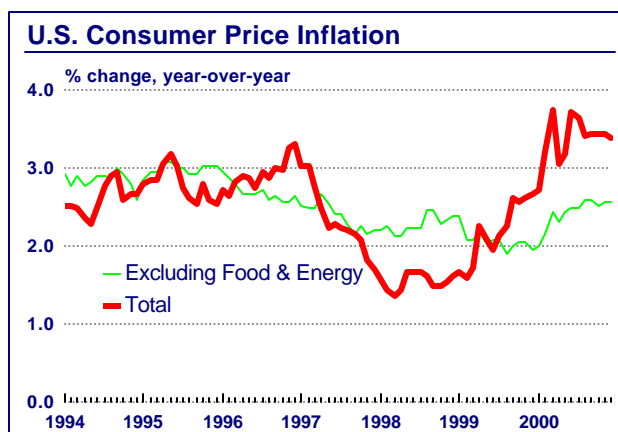
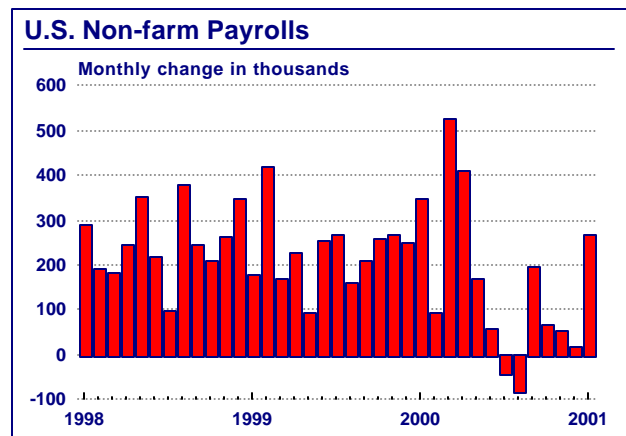
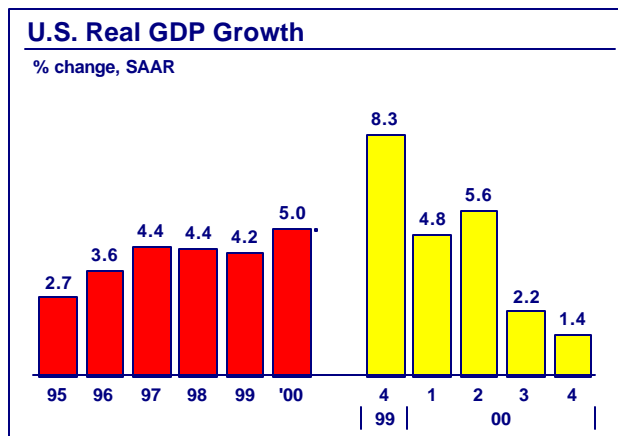
U.S. Economic Trends

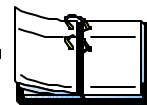
The U.S. economy continues to downshift...

- Advance estimates suggest that U.S. real GDP growth slowed to 1.4% (annual rate) in the fourth quarter of 2000, down from 2.2% in the third quarter. This slower pace reflects declines in business investment – notably for equipment and software – and residential construction. Growth in consumer spending also slowed, with reduced purchases of durable goods.
- U.S. employment rose by 268,000 in January, despite job losses in Manufacturing. Higher participation raised the unemployment rate to 4.2% in January, its highest level since September 1999. Consumer confidence fell to its lowest level in four years in January.
- On a year-over-year basis, U.S. consumer prices were up 3.4% in December, while producer prices were up 3.6%. Inflation excluding food and energy prices was 2.6%.

...and the Federal Reserve cuts interest rates again

- Only four weeks after its last 50 point cut, the Federal Reserve announced an additional 50 basis point reduction in its key federal funds rate on January 31. With Federal Reserve Chairman Greenspan suggesting that growth in the economy is near zero, further interest rate cuts are widely expected.





CANADA

Consumer Price Index – January	February 15
Survey of Manufacturing – December	February 19
International Trade – December	February 21
Private and Public Investment Intentions – 2001	February 21
Financial Statistics For Enterprises – 4th Quarter 2000	February 27
National Economic & Financial Accounts – 4th Quarter 2000	February 28
Balance of International Payments – 4th Quarter 2000	February 28
GDP at factor cost – December	February 28
Capacity Utilization Rates – 4th Quarter 2000	March 9
Labour Force Survey – February	March 9
Business Conditions Survey – April	May 4

UNITED STATES

Consumer Price Index – January	February 21
International Trade – December	February 21
GDP – 4th Quarter 2000, Preliminary	February 28
Employment Situation – February	March 9
Federal Open Market Committee meeting	March 20

Note: the February MEI uses data available as of February 9, 2001