

MONTHLY ECONOMIC INDICATORS

July 2000

HIGHLIGHTS

-  **Real GDP pauses in April after a strong first quarter, reflecting weakness in the Manufacturing sector.**
-  **Employment edges lower in June, the first decline in two and a half years. Canada's unemployment rate holds steady at 6.6%.**
-  **The Canadian stock market performs well, boosted by strong foreign demand for domestic equities.**
-  **CPI inflation rises to 2.4% in April, boosted by higher energy prices.**
-  **The Bank of Canada holds rates steady following a 50 basis points hike in May.**

Key Monthly Economic Indicators

		% Change since		
		last month	last year	
Real GDP (\$92 B)	774.6	-0.0	4.3	Apr.
Goods	259.2	-0.2	5.5	Apr.
Services	515.4	0.0	3.7	Apr.
Composite Index	162.7	0.7	8.4	May
Employment (000's)	14,891	-0.1	2.6	June
Full-time	12,174	-0.2	3.2	June
Part-time	2,717	0.4	0.1	June
Unemployment* (%)	6.6	6.6	7.5	June
Youth*	11.8	12.5	13.2	June
Adult*	5.6	5.5	6.4	June
CPI inflation*	2.4	2.1	1.6	May
Retail Sales (\$M)	22,569	-1.2	5.7	Apr.
Housing Starts (000's)	139.3	-1.8	-8.2	June
Trade Balance* (\$M)	3,172	4,113	2,464	Apr.
Exports	32,774	-3.0	14.0	Apr.
Imports	29,602	-0.3	12.6	Apr.
M&E	9,911	2.0	14.8	Apr.
3-mth Corp. paper* (%)	5.87	5.98	4.86	July 5
Long bond yield* (%)	5.53	5.63	5.63	July 5
Canadian dollar* (US¢)	67.51	66.82	68.35	July 7

*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.



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MONTHLY ECONOMIC INDICATORS

July 2000

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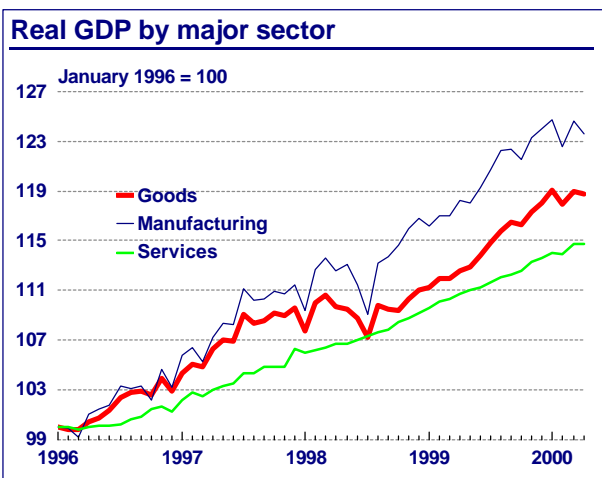
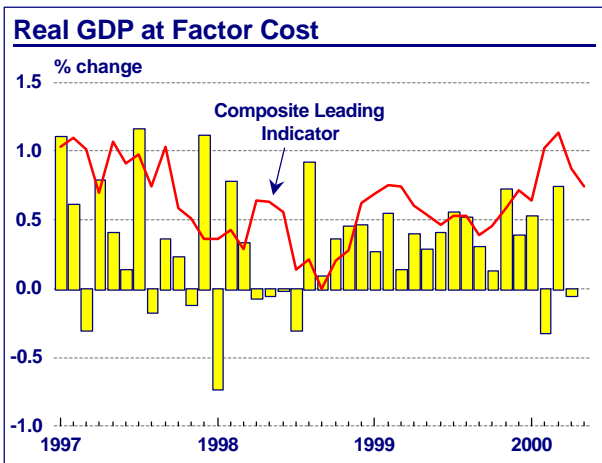


Output declines slightly in April...

- Real GDP at factor cost declined slightly in April following a major advance the previous month. The drop was reflected largely in the goods sector, as activity in the services sector was little changed.

...with offsetting changes across major industry groups

- Goods production decreased 0.2% in April owing primarily to a 0.9% decrease in Manufacturing output. A sharp reduction in automotive production lowered activity 13.4% below last August's peak. Elsewhere in the goods sector, output rose in the Mining sector for the ninth time in 10 months. A significant rise in the Utilities sector was due to the return of more seasonal temperatures east of the Rockies.
- Total output in the Services sector was flat in April, but this masks some significant changes within the major industry groups. Lower output in manufacturing affected the Transportation industry, while weak auto sales cut into Retail activity. The Communications industry benefited from an increase in long-distance telephone use, and computer consulting boosted output of Business Services.



Real GDP at Factor Cost (1992 dollars)

April 2000

	\$ millions	monthly change	% Change since last month	% Change since last year
Total Economy	774,562	-369	0.0	4.3
Business sector	644,919	-603	-0.1	5.1
Goods	259,167	-436	-0.2	5.5
Agriculture	13,798	53	0.4	2.9
Fishing & Trapping	749	-19	-2.5	2.2
Logging & Forestry	4,641	-42	-0.9	3.9
Mining*	29,088	499	1.7	12.5
Manufacturing	140,882	-1,217	-0.9	4.5
Construction	43,978	-208	-0.5	6.5
Other Utilities	26,031	498	2.0	3.8
Services	515,395	67	0.0	3.7
Transport & Storage	35,801	-678	-1.9	4.1
Communications	29,630	492	1.7	13.6
Wholesale Trade	46,405	-187	-0.4	1.5
Retail Trade	48,196	-219	-0.5	5.4
Finance & Insurance	44,363	-32	-0.1	7.3
Real Estate & Ins. Agent	81,016	38	0.0	2.5
Business services	46,388	404	0.9	8.7
Government services	46,069	8	0.0	1.8
Education	40,521	176	0.4	0.2
Health & Social Services	47,079	34	0.1	0.0
Accommodation & Food	19,828	29	0.1	0.5
Other	30,099	2	0.0	1.8

*Includes Quarrying and Crude Petroleum & Natural Gas

THE ECONOMY

Consumer Spending and Attitudes

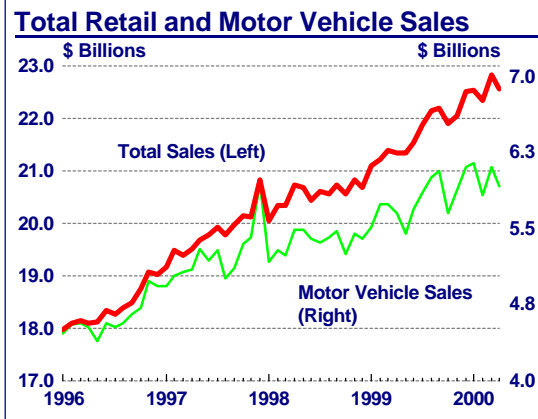


Consumer spending remains solid in the first quarter...

- Real consumption rose 3.4% (annual rate) in the first quarter of 2000, just slightly below the increase posted in the previous quarter.
- Even with a pause in auto sales, consumer spending was led by purchases of durable and semi-durable goods. A high volume of financial market activity boosted expenditures on financial, legal and other services for the fifth straight quarter.

...but may ease in coming quarters

- Recent income gains should help support household spending. Indeed, personal disposable income was up 5.5% (annual rate) in the first quarter, marking the fourth consecutive quarter of growth above 4%. However, recent increases in interest rates and a slower pace of job creation have weakened consumer confidence somewhat.
- Losses in the Automotive sector, Clothing stores and stores selling mostly seasonal products, pushed down retail sales by 1.2% in April. This decline offset about half the 2.2% gain posted in March.



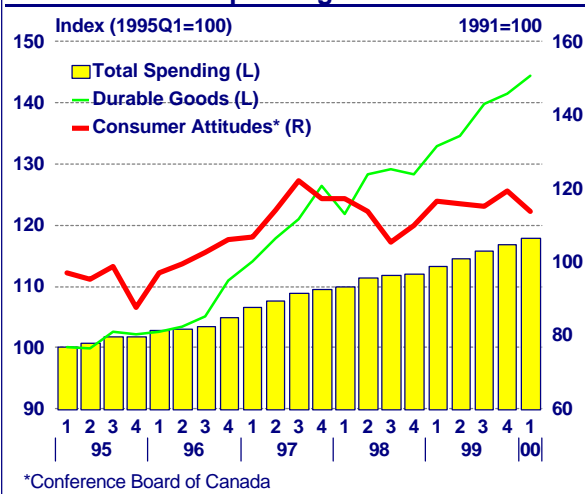
Retail Sales and Consumer Credit

	\$ millions	% Change since	
		last month	last year
Total Retail Sales (S.A.)	22,569	-1.2	5.7
Food	5,067	1.0	3.8
Drug Stores	1,129	1.8	3.0
Clothing	1,219	-3.2	2.1
Furniture	1,260	1.3	17.3
Automotive	8,936	-3.4	7.3
General Merch. Stores	2,555	0.8	4.2
All other Stores	2,405	-0.9	3.4
Total ex. motor vehicles	16,654	-0.5	6.1
Consumer Credit (unadjusted)	177,622	0.5	8.5

Real Consumer Spending and Household Finances

	\$ Millions, SAAR (unless otherwise noted)			
	1998	1999	1999 Q4	2000 Q1
Real Consumption (92\$)	487,866	504,763	512,468	516,804
% change	2.9	3.5	3.7	3.4
Durable Goods	66,487	71,859	74,136	75,604
% change	5.9	8.1	5.2	8.2
Semi-Durable Goods	45,751	47,103	47,544	48,516
% change	4.4	3.0	-0.3	8.4
Non-Durable Goods	120,795	123,344	124,580	125,012
% change	1.7	2.1	3.2	1.4
Services	254,833	262,457	266,208	267,672
% change	2.5	3.0	4.2	2.2
Disposable Income	567,960	590,608	600,560	608,680
% change	3.9	4.0	4.5	5.5
Saving Rate (%)	4.5	3.7	3.2	3.4
Debt-to-Income Ratio (%)	94.9	96.1	96.4	96.3

Real Consumer Spending and Attitudes





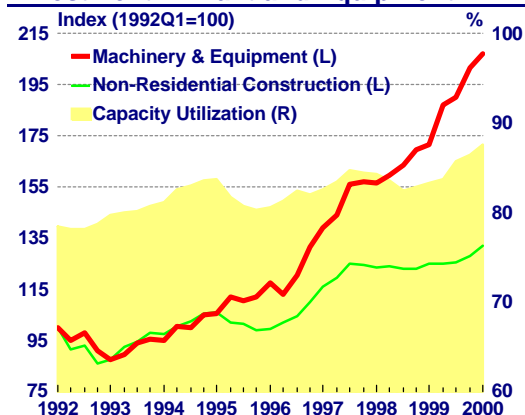
Business investment advances strongly in the first quarter...

- Business investment in plant and equipment rose 11.2% (annual rate) in the first quarter, following an even larger surge in the fourth quarter. Spending on M&E increased 10.5%, largely on the strength of purchases of computers and other office equipment.
- Non-Residential Construction was up 12.5% on the quarter. Activity in the oil patch has been driven higher by rising energy prices.

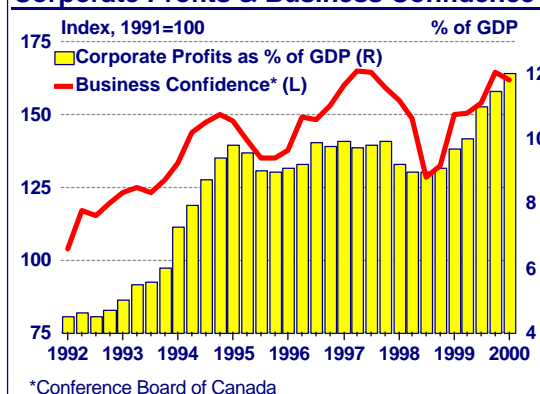
...and is well positioned for further growth throughout the year

- The investment outlook for the rest of 2000 is positive. Following a strong rebound in 1999, corporate operating profits continued their upward trend in the first quarter of 2000. Given high rates of capacity utilization, further investments in plant and equipment will be required to satisfy strong domestic and international demand for industrial products.
- Indeed, imports of machinery and equipment rose 2.0% in April, building on a strong rise in March. However, non-residential construction was down 0.9% in April following a similar rise in March.

Investment in Plant and Equipment



Corporate Profits & Business Confidence



Business Investment and Corporate Finances

\$ Millions, SAAR (unless otherwise noted)

	1998	1999	1999 Q2	1999 Q3	1999 Q4	2000 Q1
BUSINESS INVESTMENT						
Machinery & Equipment (1992\$)	65,357	75,557	75,396	76,508	81,248	83,304
% change	9.0	15.6	41.9	6.0	27.2	10.5
Non-residential Construction (1992\$)	39,502	40,288	39,956	40,200	41,040	42,264
% change	1.7	2.0	0.0	2.5	8.6	12.5
Capacity Utilization (% , Non-farm goods)	83.3	84.8	83.8	85.7	86.5	87.6
Capacity Utilization (Mfg. sector)	83.8	85.7	84.5	86.8	87.2	87.9
CORPORATE FINANCES & ATTITUDES						
Corporate Operating Profits	142,296.0	174,317.0	170,760.0	181,716.0	189,792.0	213,156.0
% change	-13.3	22.5	47.3	28.2	19.0	59.1
Profits - Non-financial industries	94,891.0	123,372.0	117,724.0	129,740.0	135,332.0	147,744.0
% change	-13.6	30.0	27.9	47.5	18.4	42.0
Profits - Financial industries	47,406.0	50,945.0	53,036.0	51,976.0	54,460.0	65,412.0
% change	-12.5	7.5	105.3	-7.8	20.5	108.1
Business Credit	686,869.4	717,831.1	711,296.7	720,869.7	730,899.0	741,583.3
% change	10.0	4.5	1.7	5.5	5.7	6.0



The housing market posts a healthy gain in the first quarter...

- Investment in residential construction grew a solid 9.8% in the first quarter of 2000, building on an even stronger advance in the previous quarter.
- Spending on alterations and improvements surged for the second consecutive quarter, and the resale market remained strong. However, new housing construction slowed from a sharp advance posted in the fourth quarter.

...but growth may slow over the course of the year

- Higher mortgage rates, increased housing prices and recent weakness in sales of existing homes (albeit in comparison with record 1999 levels) all point to an unsettled outlook for the housing market.
- Residential construction activity was relatively flat in April, while sales of existing homes were down 8.4%. Housing starts declined in April for the fourth straight month, with part of the drop attributed to a strike in Toronto's construction sector. Despite these signs of weakness, residential building permits were up 9.0% in the first five months of the year compared to the same period last year.

Housing Activity



Monthly Housing Indicators

	levels	Change since	
		last month	last year
Residential Construction (1) (\$92M, factor cost basis)	14,720	0.4%	8.7%
Building Permits, \$M (2)	1,647	6.7%	-1.7%
Sales of Existing Homes (2) (# of units)	19,641	566	
Housing Starts, # of units (3)	139,300	-2,500	-12,400
Newfoundland	800	-300	-600
Prince Edward Island	400	0	-100
Nova Scotia	2,800	-900	-1,800
New Brunswick	1,400	-100	-1,800
Quebec	16,500	-500	-7,200
Ontario	57,200	4,000	-14,500
Manitoba	1,600	300	-1,200
Saskatchewan	2,500	500	-300
Alberta	20,700	-4,300	-6,300
British Columbia	12,100	-1,200	-1,900

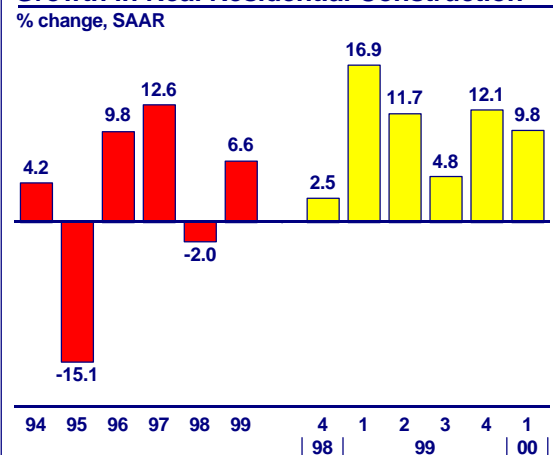
1 - April data; 2 - May data; 3 - June data

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	1999 Q4	2000 Q1
Residential Construction	41,523	44,259	45,760	46,844
% change	-2.0	6.6	11.8	9.8
Construction by Business sector	41,277	43,983	45,496	46,572
% change	-2.0	6.6	12.1	9.8
New Housing	20,701	22,258	23,472	23,652
% change	-3.5	7.5	21.3	3.1
Alterations & Improvements	13,640	14,399	14,848	15,520
% change	2.4	5.6	19.9	19.4
Ownership & Transfer Costs	7,182	7,259	7,440	7,672
% change	-5.7	1.1	-23.2	13.1

Growth in Real Residential Construction



THE ECONOMY

Trade and Competitiveness

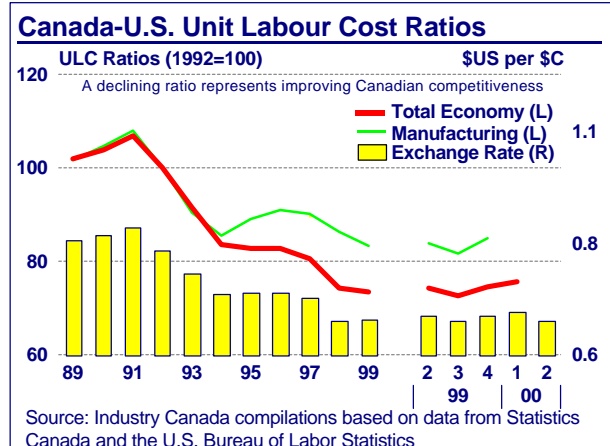
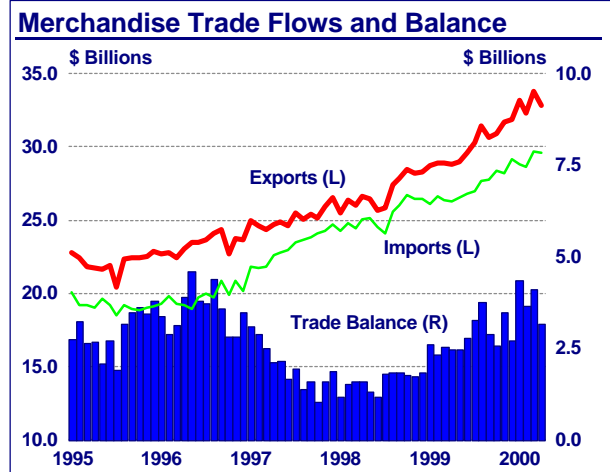


Exports fall sharply in April...

- Exports fell 3.0% in April after a significant rebound in March. Although most major commodity groups registered losses on the month, the decline was led by exports of Automotive Products, Energy Products, and Industrial Goods & Materials. The drop in the value of Energy exports was due almost entirely to lower prices rather than volumes.
- Imports declined by only 0.3% compared to a rise of 3.7% the previous month. Declines in most major categories – notably Automotive Products – were largely offset by increased imports of investment-related machinery and equipment. Lower imports of Automotive Products reflects the general weakening of activity in the auto sector.

...leading to a lower trade surplus

- As the drop in exports eclipsed the decline in imports, Canada's merchandise trade surplus fell to \$3.2 billion in April.



Merchandise Trade

April 2000	Levels (\$ millions)		Year-to-date (\$ millions)		Change (\$M)		% Change
	March 2000	April 2000	1999 Jan-Apr	2000 Jan-Apr	Mar to Apr 2000	Mar to Apr 2000	Apr 1999 to Apr 2000
Exports	33,795	32,774	115,312	132,011	-1,021	-3.0	14.0
to United States	28,877	28,428	98,730	113,306	-449	-1.6	14.9
Imports	29,682	29,602	105,376	116,719	-80	-0.3	12.6
from United States	22,242	21,979	81,338	87,369	-263	-1.2	8.5
Trade Balance	4,113	3,172	9,936	15,292	-941		
with United States	6,635	6,449	17,392	25,937	-186		
Exports by Commodity							
Agriculture/Fishing Products	2,276	2,191	8,289	8,796	-85	-3.7	10.5
Energy Products	3,576	3,310	7,662	13,732	-266	-7.4	52.4
Forestry Products	3,503	3,535	12,538	14,069	32	0.9	9.3
Industrial Goods & Materials	5,405	5,124	18,493	20,839	-281	-5.2	12.2
Machinery & Equipment	8,393	8,275	27,557	32,242	-118	-1.4	19.3
Automotive Products	8,289	7,907	31,693	32,856	-382	-4.6	4.1
Other Consumer Goods	1,160	1,168	4,510	4,639	8	0.7	2.0
Imports by Commodity							
Agriculture/Fishing Products	1,507	1,448	5,860	5,953	-59	-3.9	-1.8
Energy Products	1,376	1,311	2,774	5,218	-65	-4.7	61.5
Forestry Products	262	255	888	1,000	-7	-2.7	9.4
Industrial Goods & Materials	5,964	5,918	20,125	23,092	-46	-0.8	18.0
Machinery & Equipment	9,716	9,911	35,032	38,569	195	2.0	14.8
Automotive Products	6,531	6,367	24,638	25,745	-164	-2.5	4.0
Other Consumer Goods	3,266	3,329	12,009	12,914	63	1.9	12.1



Industry Overview

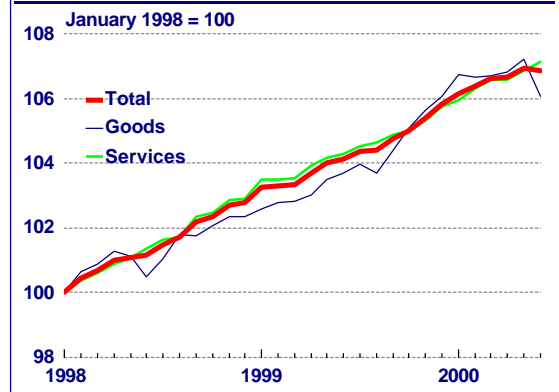
Job losses are concentrated in Goods-producing industries...

- Employment was down 41,000 in the Goods sector in June, led by losses in Manufacturing and Construction. Manufacturing has weakened considerably in recent months, and Construction posted its fourth straight monthly drop in employment.
- Employment was up 27,000 in the Service sector. The largest gains were posted by Management, Administrative & Other Support Services and Educational Services. Lower employment in the Transportation industry mirrors the slowdown in Manufacturing activity.

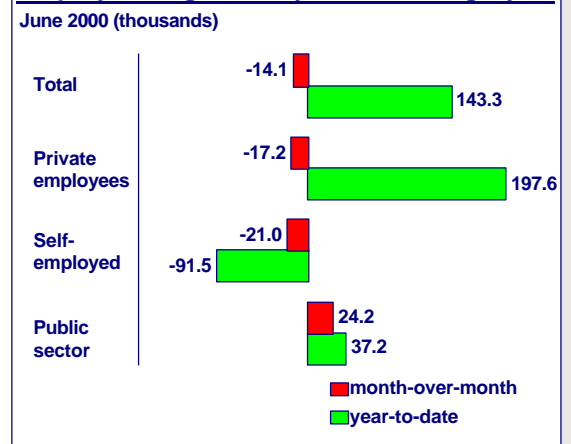
...and in the private sector

- Public sector employment rose 24,000 in June, bringing gains over the past year to 86,000. Although the number of jobs in Public Administration is down, gains have been recorded in Education and Health & Social Services.
- By contrast, private-sector employment was weak in June. The number of paid employees in the private sector decreased by 17,000, and self-employment fell by 21,000.

Employment by major sector



Employment growth by worker category



Industrial Employment Trends

(in thousands)	Levels			Change since			% Change since	
	1999 June	2000 May	2000 June	last month	last year	year-to- date	last month	last year
Goods-producing	3,778.6	3,906.2	3,864.8	-41.4	86.2	-0.5	-1.1	2.3
Agriculture	411.1	386.8	377.0	-9.8	-34.1	-22.1	-2.5	-8.3
Natural Resources*	262.8	290.3	286.6	-3.7	23.8	11.3	-1.3	9.1
Utilities	116.8	117.0	117.0	0.0	0.2	1.6	0.0	0.2
Construction	772.2	818.5	808.5	-10.0	36.3	1.1	-1.2	4.7
Manufacturing	2,215.6	2,293.5	2,275.7	-17.8	60.1	7.5	-0.8	2.7
Services-producing	10,732.1	10,998.6	11,026.0	27.4	293.9	143.8	0.2	2.7
Trade	2,246.3	2,308.0	2,303.5	-4.5	57.2	31.8	-0.2	2.5
Transportation	743.7	790.7	780.0	-10.7	36.3	15.8	-1.4	4.9
FIRE*	862.8	853.8	862.5	8.7	-0.3	-2.8	1.0	-0.0
Professional/Scientific	898.4	935.2	933.5	-1.7	35.1	7.0	-0.2	3.9
Management/Administrative	511.7	532.6	550.7	18.1	39.0	33.2	3.4	7.6
Educational Services	978.3	966.4	981.2	14.8	2.9	-20.5	1.5	0.3
Health Care/Social Assistance	1,451.3	1,547.4	1,543.4	-4.0	92.1	71.5	-0.3	6.3
Information/Culture/Recreation	623.0	659.2	663.2	4.0	40.2	27.0	0.6	6.5
Accommodation & Food	916.7	974.0	974.1	0.1	57.4	23.5	0.0	6.3
Other Services	724.0	678.9	689.0	10.1	-35.0	-19.9	1.5	-4.8
Public Administration	775.8	752.3	744.8	-7.5	-31.0	-23.0	-1.0	-4.0

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



Provincial Overview

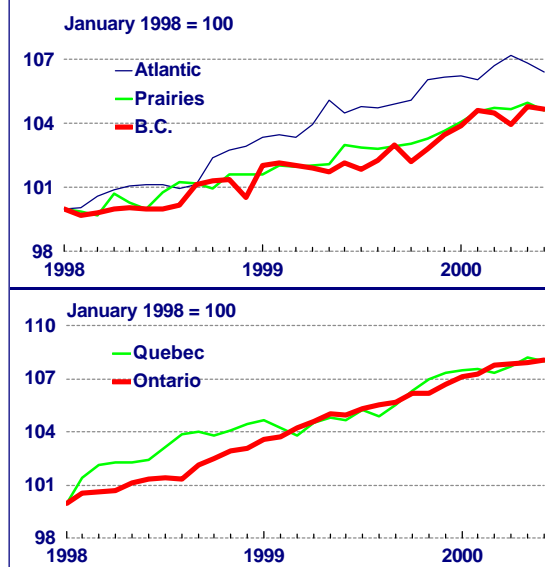
Employment losses are widespread across the regions...

- Employment was down in all provinces except Ontario and Manitoba in June. In percentage terms, the biggest job losses were in Prince Edward Island, Saskatchewan and Newfoundland.
- Still, all provinces have registered employment growth on a year-over-year basis.

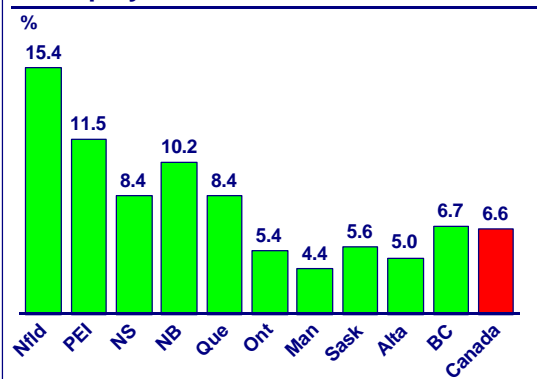
...but unemployment rates hold steady in most provinces

- There was little or no change in most provincial unemployment rates in June. The biggest increases were in Prince Edward Island and Saskatchewan, where employment was down sharply.
- The biggest drop in unemployment rates was in Newfoundland, which also posted a substantial loss of jobs in June. However, these losses were more than offset by an even bigger decline in the labour force. Newfoundland's unemployment rate remains the highest among all provinces (15.4%).
- The lowest unemployment rate was recorded in Manitoba. Rates tend to be lowest in the Prairies and Ontario, and tend to be the highest in Atlantic Canada.

Regional employment patterns



Unemployment Rates -- June 2000



Provincial Employment and Unemployment Trends

	Employment (thousands)				Unemployment rate (%)			
	Levels	Change since last month		Change since last year		Levels	Change since last month	
	2000 June	(000's)	%	(000's)	%		last month	last year
Canada	14,890.8	-14.1	-0.1	380.1	2.6	6.6	0.0	-0.9
Newfoundland	205.6	-1.7	-0.8	0.5	0.2	15.4	-0.7	-1.7
P.E.I.	63.8	-1.8	-2.7	2.5	4.1	11.5	1.0	-2.3
Nova Scotia	419.8	-0.5	-0.1	9.2	2.2	8.4	0.2	-0.6
New Brunswick	331.2	-0.2	-0.1	6.0	1.8	10.2	0.0	1.4
Quebec	3,446.1	-6.4	-0.2	107.5	3.2	8.4	-0.1	-1.0
Ontario	5,846.7	8.0	0.1	167.0	2.9	5.4	-0.1	-0.7
Manitoba	555.3	0.8	0.1	11.1	2.0	4.4	-0.2	-1.3
Saskatchewan	485.5	-4.4	-0.9	4.2	0.9	5.6	0.6	0.0
Alberta	1,585.3	-5.8	-0.4	24.4	1.6	5.0	0.3	-0.5
B.C.	1,951.5	-2.1	-0.1	47.6	2.5	6.7	-0.1	-2.0

PRICES and FINANCIAL MARKETS

Consumer and Commodity Prices



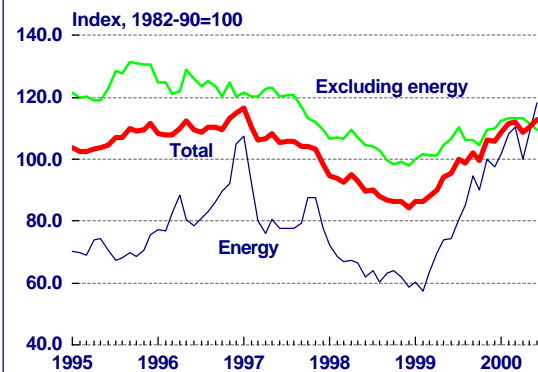
Higher energy prices drive up inflation in May...

- Consumer prices were up 2.4% in May on a year-over-year basis, boosted by a 14.1% increase in energy prices. Higher mortgage interest costs and tuition fees also contributed to the rise in the CPI in May. These increases were partly offset by lower prices for fresh fruit, computer equipment and supplies, and purchases of automotive vehicles.
- On a monthly basis, consumer prices increased 0.5% in May, mostly owing to higher prices for accommodation, fresh fruit and vegetables, gasoline, natural gas and mortgage interest costs.

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

- Excluding energy, food and indirect taxes, the "core" rate of inflation was 1.3% in May, remaining near the bottom of the 1%-3% target range set jointly by the Bank of Canada and the Department of Finance.
- Commodity prices were up 18.1% in June on a year-over-year basis. The bulk of this increase was due to energy prices, which surged 58.8%. The index excluding energy prices increased by only 2.7%, its smallest rise in a year.

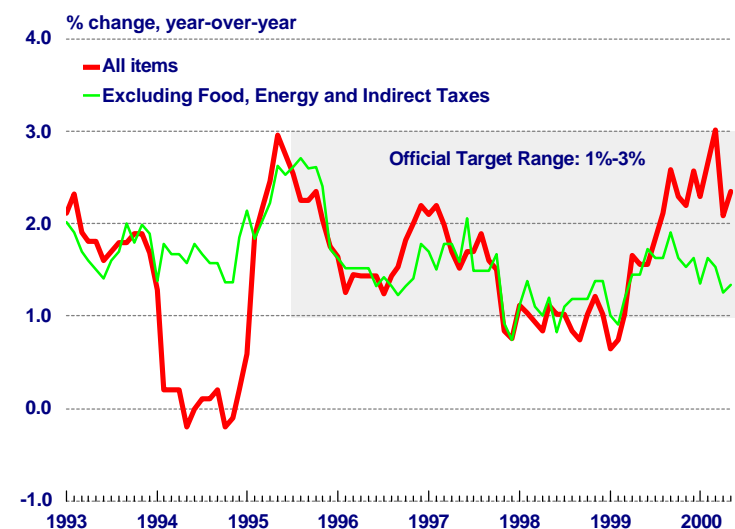
Commodity Prices (\$U.S. basis)



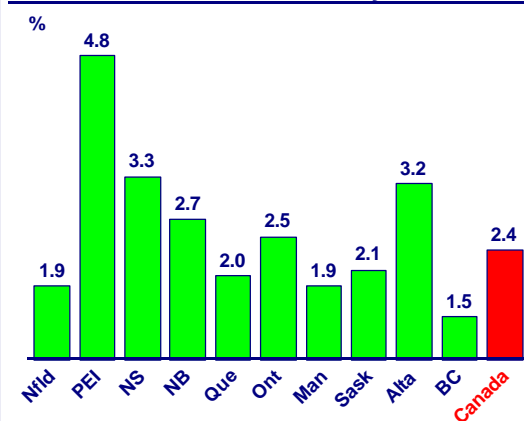
Consumer Prices

	Index (1992=100)	% Change since	
		last month	last year
May 2000			
All items CPI	113.0	0.5	2.4
Food	112.1	0.7	0.9
Shelter	107.8	0.3	3.1
Household operations	109.6	0.1	0.5
Clothing & Footwear	104.7	-0.4	-0.2
Transportation	129.9	0.5	4.7
Health & Personal Care	112.1	0.5	1.5
Recreation, Educ. & Reading	122.7	1.4	2.6
Alcohol & Tobacco	97.4	0.6	2.9
Excl. Food/Energy/Indirect Taxes	113.3	0.3	1.3
Energy	123.7	1.2	14.1
Commodity Prices (June)			
Index, 1982-90=100	112.7	2.0	18.1
Excluding Energy	109.6	-1.8	2.7
Energy	118.3	9.1	58.8

Consumer Price Index



Provincial CPI Inflation -- May 2000



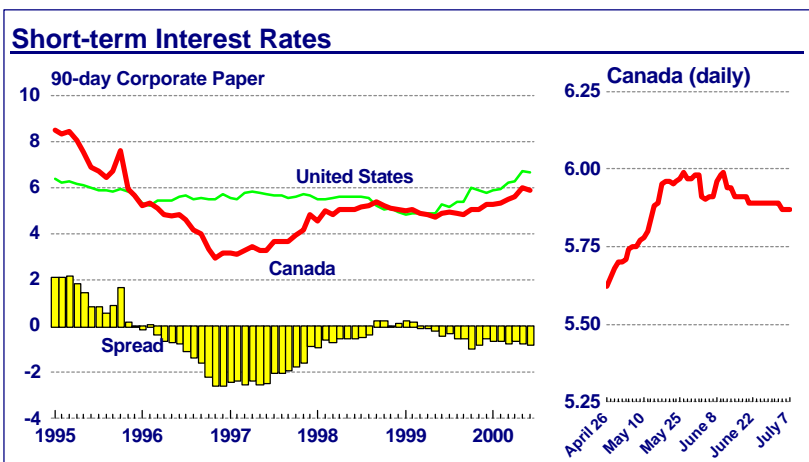


The Bank of Canada leaves its trendsetting rate unchanged in June...

- After hiking rates 50 basis points in May, the Bank of Canada left its trend-setting Bank rate unchanged at 6.0% in June. This followed several economic reports which suggested that previous interest rate hikes and slower growth in the U.S. may have started to cool off the Canadian economy.
- Market-determined short-term interest rates increased early in the month, reaching a peak of 6.0% on June 12. However, rates fell back to around 5.9% once fears of an interest rate hike at the end of the month were lessened.
- The gap between Canadian and U.S. short-term interest rates was virtually unchanged in June, with Canadian rates 78 basis points below their American counterparts at the close of the month.

...and long-term yields end the month at par with May's close

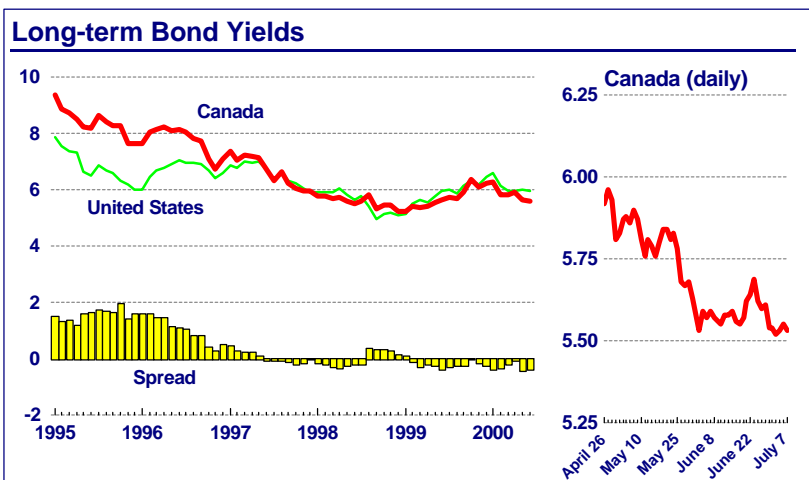
- Long-term bond yields were relatively stable throughout most of June. The only exception was a short-lived run-up in yields that peaked at 5.7% on June 23. Long rates soon fell back again, however, to close out June at 5.6%, virtually unchanged from May.
- Canadian long-term bond yields are currently below domestic short rates, and remain close to 40 basis points below comparable U.S. yields.



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
Jan 2000	5.25	-0.64	6.27	-0.33
Feb	5.31	-0.64	5.83	-0.31
March	5.46	-0.72	5.84	-0.15
April	5.62	-0.64	5.92	-0.03
May	5.98	-0.74	5.63	-0.39
June	5.89	-0.78	5.61	-0.36
July 5	5.87	-0.75	5.53	-0.33

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
Jan 2000	5.00	6.50	7.60	8.55
Feb	5.25	6.75	7.60	8.55
March	5.50	7.00	7.70	8.35
April	5.50	7.00	7.70	8.35
May	6.00	7.50	8.30	8.75
June	6.00	7.50	8.10	8.45
July 5	6.00	7.50	8.10	8.45

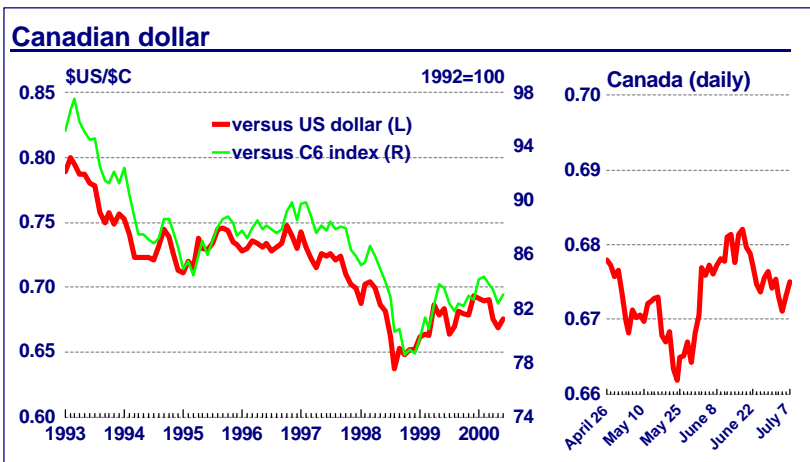


Canadian stock prices rebound in June...

- The TSE 300 advanced 10.2% in June following declines in April and May. The index ended the month above the 10,000 mark and continued to trend up early in July, closing out July 7 at 10,380. The TSE 300 has recorded a solid 20.2% gain since January, partly as a result of heavy foreign demand for Canadian stocks. This heavy demand may stem in part from the relatively poor performances of the major U.S. stock indices over this period.
- The solid performance of the TSE 300 so far this year has brought the Canadian index almost at par with the Dow Jones. As of July 7, the TSE 300 was only 255 points below the U.S. index, compared to a gap of 4,000 points one year ago.

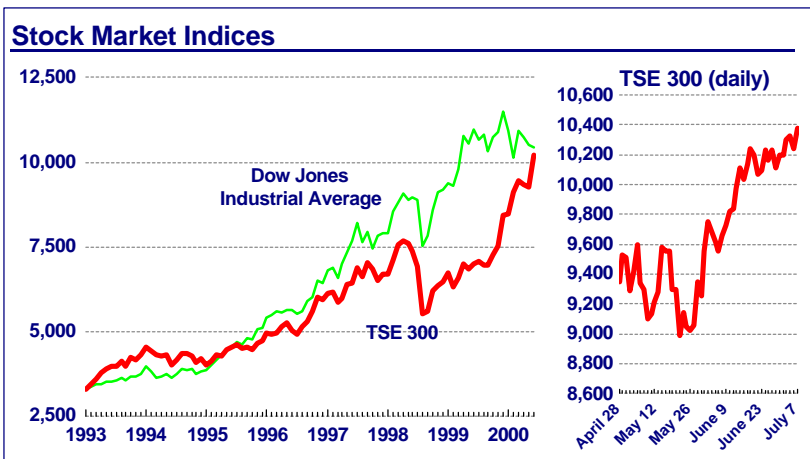
...and the Canadian dollar edges up

- The Canadian dollar rebounded slightly from its recent downward trend in June, as an increasing number of investors have come to expect that interest rates will remain unchanged on both sides of the border. The Canadian dollar gained steadily throughout the first half of the month, reaching a high of \$US 0.6821 on June 19. The dollar subsequently lost some of this momentum, closing at \$US 0.6754 on July 7.



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
Jan 2000	0.6918	84.15	1.333	72.77
Feb	0.6898	84.39	1.370	75.43
March	0.6899	83.84	1.388	72.77
April	0.6756	83.47	1.409	71.90
May	0.6682	82.37	1.442	72.41
June	0.6754	83.06	1.393	71.84
July 7	0.6751			



Key Stock Market Indexes

	June Close	% change from	
		last month	last year
TSE 300	10,195	10.2	45.4
Oil & Gas	7,480	-1.6	25.7
Metals & Minerals	3,330	-7.2	-12.4
Utilities	14,207	1.5	73.8
Paper & Forest	4,944	-8.3	1.8
Merchandising	5,204	0.9	-4.7
Financial Services	8,377	-0.5	12.0
Goods	4,458	1.0	-15.4
Price-Earnings Ratio*	30.3	2.5	-3.1
S&P 500	1,455	2.4	6.0
Dow Jones	10,448	-0.7	-4.8

*columns 2 & 3 reflect change in levels



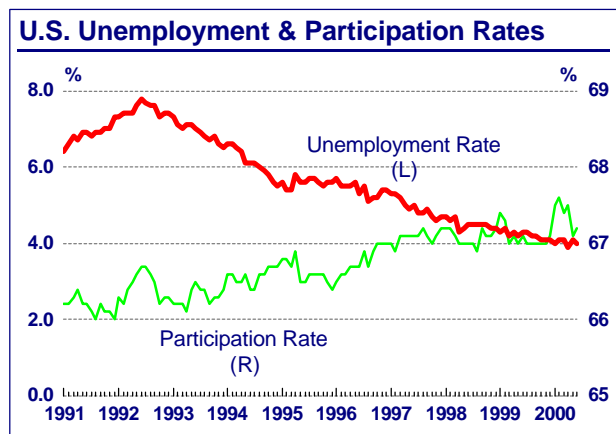
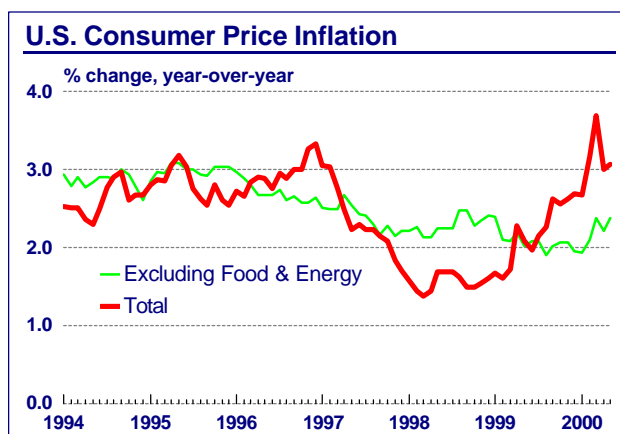
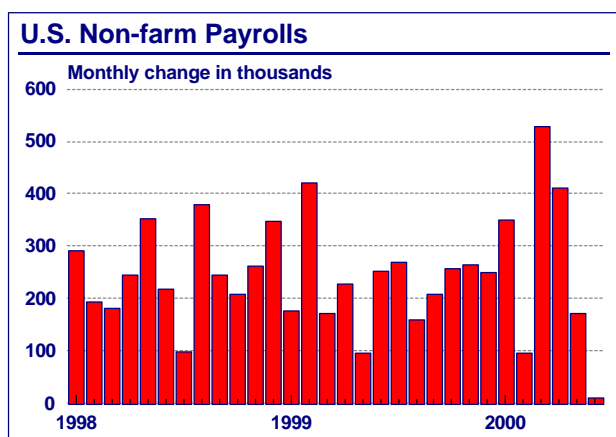
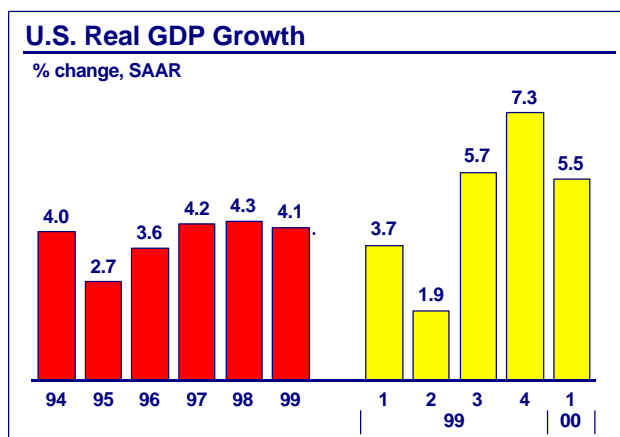
U.S. Economic Trends

The US economy continues to grow strongly in the first quarter...

- Final estimates indicate that real GDP increased a solid 5.5% (annual rate) in the first quarter of 2000, building on a sharp 7.3% gain in the previous period. Production was boosted by strong increases in consumer spending and non-residential fixed investment. Lower inventory investment and an expanded trade deficit moderated overall growth.
- After soaring to an all-time high in March (and for the first quarter of 2000), the U.S. trade deficit narrowed slightly to \$30.4 billion in April. Lower imports (-0.2%) pulled down the deficit as exports were virtually unchanged from March.
- U.S. employment rose 11,000 in June, the smallest increase in 4 1/2 years. Private-sector employment jumped up by 206,000, following a decline in May, but this was largely offset by a decline in government employment attributed to the departure of 190,000 temporary Census workers. The unemployment rate edged down to 4% in June.

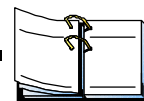
... but the Fed leaves interest rates unchanged

- In a widely anticipated move, the Federal Open Market Committee left interest rates unchanged at 6.5% at its June 28 meeting. The Fed cited some signs of a slowing economy, but signalled that it remained concerned over the outlook for inflation, leaving the door open for a rate hike at its August meeting.
- For the most part, cost pressures remain in check. Producer prices were unchanged in May, consumer prices advanced 0.1% on the same month, while average hourly earnings rose 0.4% in June.



COMING UP

Key Future Data Releases and Planned Events



CANADA

Consumer Price Index – June	July 13
International Trade – May	July 19
Private and Public Investment Intentions – 2000 (revised)	July 19
Survey of Manufacturing – May	July 20
GDP at factor cost – May	July 31
Business Conditions Survey – July	August 1
Labour Force Survey – July	August 4
Financial Statistics For Enterprises – 2nd Quarter 2000	August 30
National Economic & Financial Accounts – 2nd Quarter 2000	August 31
Balance of International Payments – 2nd Quarter 2000	August 31
Capacity Utilization Rates – 2nd Quarter 2000	Sept 8

UNITED STATES

Consumer Price Index – June	July 18
International Trade – May	July 19
GDP – 2nd Quarter 2000, Advance	July 28
Employment Situation – July	August 4
Federal Open Market Committee meeting	August 22

Note: the July MEI uses data available as of July 7, 2000