

MONTHLY ECONOMIC INDICATORS

February 2000

HIGHLIGHTS

-  **Canada's unemployment rate is 6.8% in January, the lowest on record since 1976.**
-  **Output growth picks up in November, boosted by a solid rebound in Manufacturing.**
-  **Exports increase while imports fall, resulting in a higher trade surplus for November.**
-  **The Bank of Canada raises its key interest rate as the outlook for the Canadian economy brightens.**
-  **Canadian stock prices surge early in February, but the upward momentum in the dollar comes to a halt.**

Key Monthly Economic Indicators

		% Change since		
		last month	last year	
Real GDP (\$92 B)	760.9	0.6	4.3	Nov.
Goods	254.6	0.8	5.8	Nov.
Services	506.3	0.5	3.6	Nov.
Composite Index	219.6	0.5	5.2	Dec.
Employment (000's)	14,792	0.3	2.8	Jan.
Full-time	12,118	0.2	3.8	Jan.
Part-time	2,674	0.8	-1.4	Jan.
Unemployment* (%)	6.8	6.8	7.9	Jan.
Youth*	12.5	13.1	14.1	Jan.
Adult*	5.7	5.6	6.7	Jan.
CPI inflation*	2.2	2.3	1.2	Dec.
Retail Sales (\$M)	22,008	0.6	6.1	Nov.
Housing Starts (000's)	147.7	-7.3	3.4	Jan.
Trade Balance* (\$M)	3,127	2,621	1,770	Nov.
Exports	31,351	1.4	10.5	Nov.
Imports	28,224	-0.2	6.1	Nov.
M&E	9,244	-2.8	6.3	Nov.
3-mth Corp. paper* (%)	5.37	5.27	5.01	Feb. 2
Long bond yield* (%)	6.19	6.23	5.23	Feb. 2
Canadian dollar* (US¢)	69.40	69.18	66.18	Feb. 4

*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

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This report uses data available as of February 4, 2000. It has been prepared by Marianne Blais, Julie Dubois, Joe Macaluso, Alison McDermott and Karen Smith of the Micro-Economic Analysis Directorate, under the direction of Raynald Létourneau and Shane Williamson. 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.

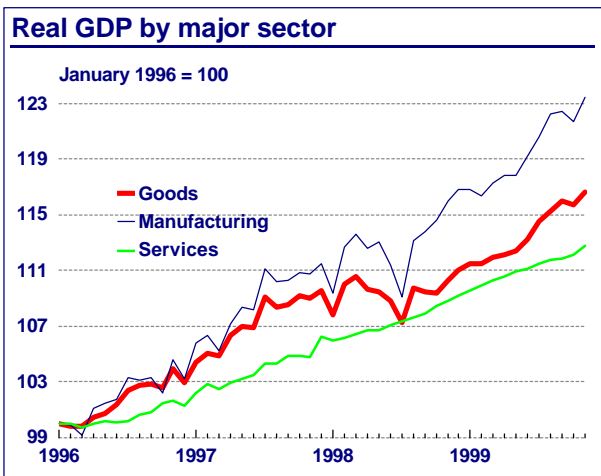
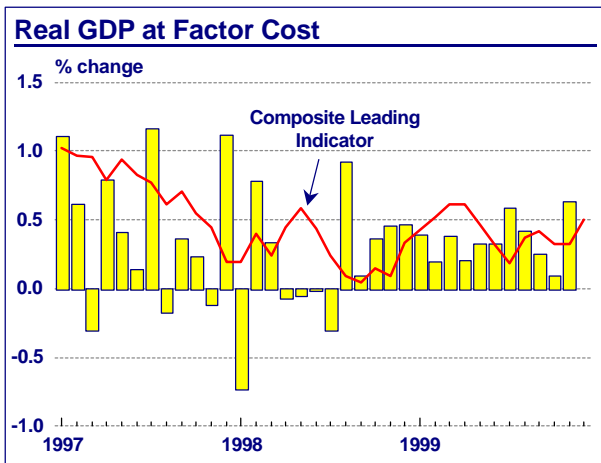


Growth in Real GDP picks up in November...

- Real GDP advanced by 0.6% in November, marking the 16th consecutive monthly increase and the longest uninterrupted string of gains in over a decade. November's strong showing – the biggest increase in 15 months – reverses three months of slowing momentum.

...boosted by a surge in Manufacturing and widespread gains in Services

- Goods production increased sharply in November (+0.8%). Output expanded in all major groups with the exception of Utilities, where unseasonably warm temperatures reduced demand for electrical power and gas. Gains were concentrated in Manufacturing, which rebounded strongly from a decline in the previous month. Within Manufacturing, 19 of 22 major groups advanced, led by a sharp gain in Electrical & Electronic Products. Elsewhere, a large increase in oil production boosted output in the Mining industry, and Construction activity continued its steady advance.
- Production in the Services industries increased by 0.5% in November, led by a major gain in Wholesale Trade, which expanded despite flat computer sales. Higher auto sales helped Retail Trade stage a partial comeback from a sharp decline in October. Most other industries also advanced in November, with solid gains in Business Services and Transportation & Storage.



Real GDP at Factor Cost (1992 dollars)

November 1999	\$ millions	monthly change	% Change since last month	% Change since last year
Total Economy	760,927	4,751	0.6	4.3
Business sector	631,322	4,628	0.7	5.2
Goods	254,642	2,108	0.8	5.8
Agriculture	13,624	10	0.1	5.3
Fishing & Trapping	796	47	6.3	19.5
Logging & Forestry	4,477	44	1.0	3.3
Mining*	27,422	420	1.6	3.5
Manufacturing	140,781	2,026	1.5	6.5
Construction	42,241	215	0.5	5.8
Other Utilities	25,301	-654	-2.5	4.9
Services	506,285	2,643	0.5	3.6
Transport & Storage	36,008	330	0.9	5.6
Communications	26,392	178	0.7	6.7
Wholesale Trade	47,406	802	1.7	10.1
Retail Trade	46,853	329	0.7	3.8
Finance & Insurance	41,632	188	0.5	2.2
Real Estate & Ins. Agent	79,924	141	0.2	2.6
Business services	44,888	376	0.8	8.3
Government services	46,079	140	0.3	2.6
Education	40,542	-22	-0.1	0.0
Health & Social Services	46,922	-4	-0.0	-1.0
Accommodation & Food	19,633	66	0.3	1.7
Other	30,006	119	0.4	2.5

*Includes Quarrying and Crude Petroleum & Natural Gas

THE ECONOMY



Consumer Spending and Attitudes

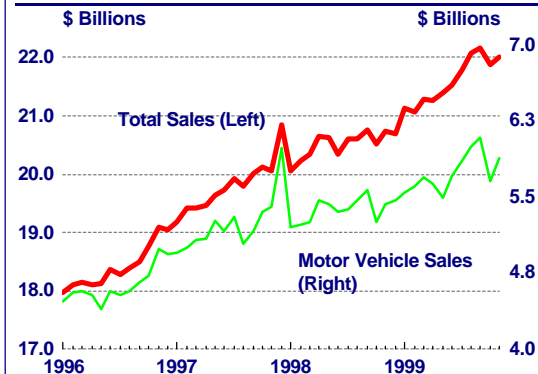
Consumer spending remains strong in the third quarter...

- Real consumption rose 4.8% (annual rate) in the third quarter, keeping pace with growth recorded since the beginning of the year. Indeed, growth in consumer spending has exceeded 4% in each quarter so far this year.
- Personal disposable income rose 4.8% (annual rate) in the third quarter, its strongest advance so far this year. This gain, coupled with unchanged household debt levels, lowered the debt-to-income ratio by just over one percentage point. However, the personal saving rate was down, falling to 0.3% over the same period.
- The solid growth in consumer spending will likely be sustained in coming quarters, given the recent strength of the labour market and a corresponding rise in consumer confidence.

...and retail sales rebound in November

- Retail sales advanced by 0.6% in November, partly reversing the previous month's 1.3% decline. This gain was led by a strong advance in the Automotive sector, following a drop of 4.5% in the previous month that was related to supply problems. Excluding Automotive products, total retail sales fell 0.5% in November.

Total Retail and Motor Vehicle Sales



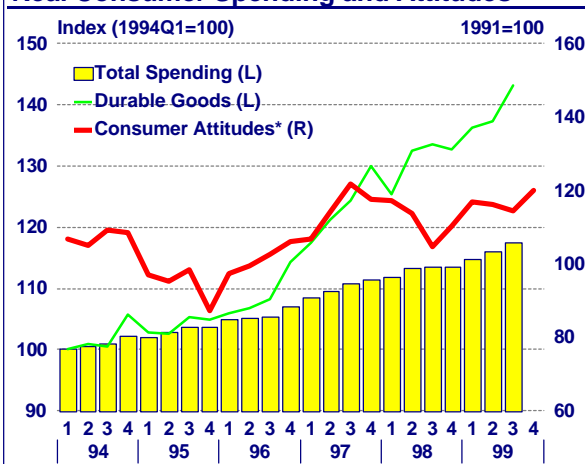
Retail Sales and Consumer Credit

	November 1999 \$ millions	% Change since	
		last month	last year
Total Retail Sales (S.A.)	22,008	0.6	6.1
Food	4,959	0.5	2.3
Drug Stores	1,141	1.4	5.7
Clothing	1,201	-1.1	1.6
Furniture	1,168	-2.6	7.6
Automotive	8,702	3.1	9.8
General Merch. Stores	2,435	-4.9	4.0
All other Stores	2,401	0.2	5.3
Total ex. motor vehicles	16,130	-0.5	5.4
Consumer Credit (unadjusted)	169,434	0.8	8.0

Real Consumer Spending and Household Finances

	\$ Millions, SAAR (unless otherwise noted)			
	1997	1998	1999 Q2	1999 Q3
Real Consumption (92\$)	472,867	485,906	498,600	504,440
% change	4.2	2.8	4.3	4.8
Durable Goods	62,823	66,801	70,032	73,008
% change	13.3	6.3	3.5	18.1
Semi-Durable Goods	44,334	46,526	47,376	48,024
% change	4.3	4.9	2.4	5.6
Non-Durable Goods	118,293	119,521	121,476	121,572
% change	1.3	1.0	1.6	0.3
Services	247,417	253,058	259,716	261,836
% change	3.4	2.3	6.1	3.3
Disposable Income	534,728	552,778	564,848	571,456
% change	3.1	3.4	3.0	4.8
Saving Rate (%)	2.8	2.3	0.9	0.3
Debt-to-Income Ratio (%)	96.4	98.3	100.4	99.3

Real Consumer Spending and Attitudes



*Conference Board of Canada

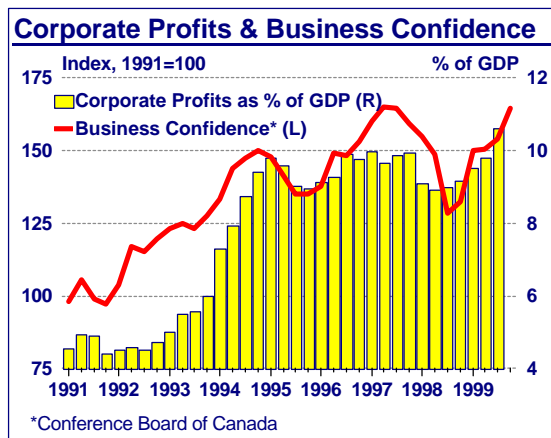
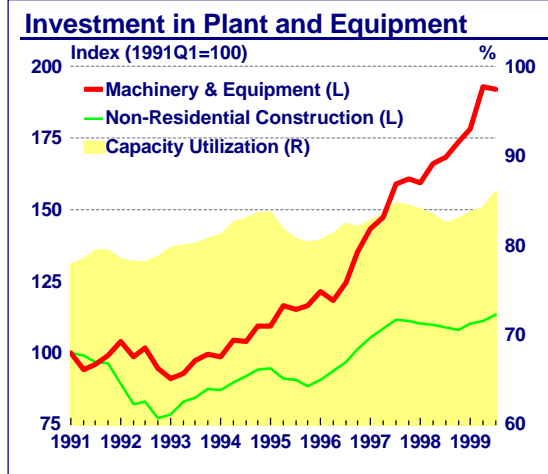


Business investment slows in the third quarter...

- Growth in business investment slowed to 0.4% (annual rate) in the third quarter, down from 5.5% in the previous period. This slower advance was due in large part to a 1.8% decline in M&E spending, fuelled mainly by lower investment in aircraft and computers.
- Higher investment in non-residential building and engineering structures led to an 8.5% increase in Non-Residential Construction in the third quarter.

...but shows signs of picking up again in the fourth quarter

- Capacity utilization in non-farm producing industries reached 86.0% in the third quarter, the highest rate since the 1987-88 economic expansion. Corporate operating profits rose 34.0% (annual rate) in the third quarter, propelled by a sharp increase in non-financial industries. The Conference Board's Index of Business Confidence also rose sharply in the fourth quarter.
- Reflecting these factors, recent data point to renewed strength in investment. Although imports of M&E fell in November, this follows a much larger rise in the previous month. Non-residential construction activity was up 1.4% on average in October and November compared to the third quarter.



Business Investment and Corporate Finances

\$ Millions, SAAR (unless otherwise noted)

	1997	1998	1998 Q4	1999 Q1	1999 Q2	1999 Q3
BUSINESS INVESTMENT						
Machinery & Equipment (1992\$)	59,112	64,701	67,284	69,048	74,708	74,364
% change	22.2	9.5	12.7	10.9	37.0	-1.8
Non-residential Construction (1992\$)	39,079	39,110	38,696	39,448	39,756	40,572
% change	14.0	0.1	-2.4	8.0	3.2	8.5
Capacity Utilization (% , Non-farm goods)	83.8	83.2	83.0	83.7	84.2	86.0
Capacity Utilization (Mfg. sector)	83.7	83.8	84.5	84.9	85.5	87.6
CORPORATE FINANCES & ATTITUDES						
Corporate Operating Profits	146,023.0	132,032.0	138,172.0	144,096.0	147,952.0	159,180.0
% change	20.9	-9.6	64.8	18.3	11.1	34.0
Profits - Non-financial industries	90,839.0	82,442.0	90,592.0	99,012.0	102,880.0	115,684.0
% change	16.5	-9.2	75.9	42.7	16.6	59.9
Profits - Financial industries	55,186.0	49,590.0	47,580.0	45,084.0	45,072.0	43,496.0
% change	29.0	-10.1	45.9	-19.4	-0.1	-13.3
Business Credit	624,688.7	686,621.0	702,493.7	708,232.3	709,495.3	720,157.3
% change	9.1	9.9	3.3	3.3	0.7	6.1



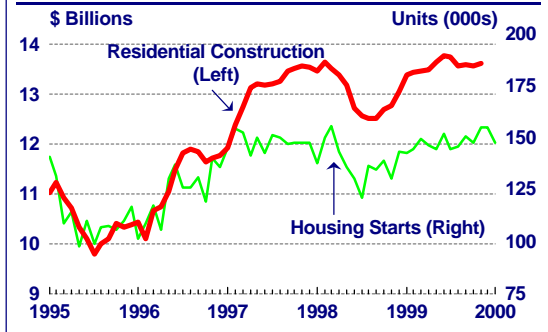
Residential investment growth eases in the third quarter...

- After having recorded double-digit growth rates in each of the first two quarters of the year, growth in business investment in residential structures slowed to 2.5% in the third quarter.
- Spending on alterations and improvements recorded its first quarterly decline this year, while all other major components of residential investment advanced at a slower pace compared to recent quarters.

...but should register a gain in the fourth quarter

- Residential construction activity increased in November, after declining slightly in October. On a year-over-year basis, residential construction is up 6.5%, but the October-November average remains 0.2% below the third-quarter level.
- Housing starts rose a solid 3.9% overall in the fourth quarter, before falling back in January. Residential building permits continue to run well ahead of last year's pace, rising 10.6% in the fourth quarter. This fourth straight quarterly increase in housing intentions pushed the total for 1999 to its best showing of the decade.
- Sales of existing homes, though down in December, rose 7% overall in 1999 to reach a new record high.

Housing Activity



Monthly Housing Indicators

	levels	Change since	
		last month	last year
Residential Construction (1) (\$92M, factor cost basis)	13,612	0.3%	6.5%
Building Permits, \$M (2)	1,894	4.6%	20.7%
Sales of Existing Homes (2) (# of units)	18,271	-941	
Housing Starts, # of units (3)	147,700	-11,600	4,900
Newfoundland	900	0	200
Prince Edward Island	500	200	-700
Nova Scotia	4,600	2,100	1,800
New Brunswick	4,500	2,900	3,000
Quebec	18,900	-1,200	-2,000
Ontario	62,300	-6,300	6,800
Manitoba	1,400	-200	-2,000
Saskatchewan	2,500	700	800
Alberta	20,800	-600	500
British Columbia	9,200	-6,800	-3,900

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

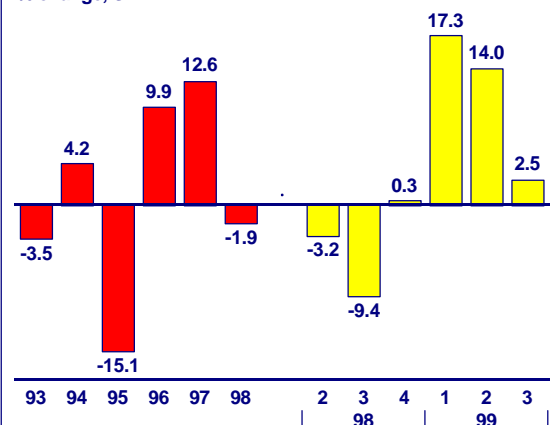
Real Investment in Residential Structures

\$92 Millions, SAAR (unless otherwise noted)

	1997	1998	1999 Q2	1999 Q3
Residential Construction	42,348	41,547	44,056	44,336
% change	12.6	-1.9	13.9	2.6
Construction by Business sector	42,223	41,422	43,928	44,200
% change	12.6	-1.9	14.0	2.5
New Housing	21,441	20,695	21,876	22,272
% change	19.5	-3.5	9.9	7.4
Alterations & Improvements	13,315	13,645	14,252	14,016
% change	7.2	2.5	4.3	-6.5
Ownership & Transfer Costs	7,592	7,207	7,928	8,048
% change	4.5	-5.1	49.3	6.2

Growth in Real Residential Construction

% change, SAAR



THE ECONOMY

Trade and Competitiveness

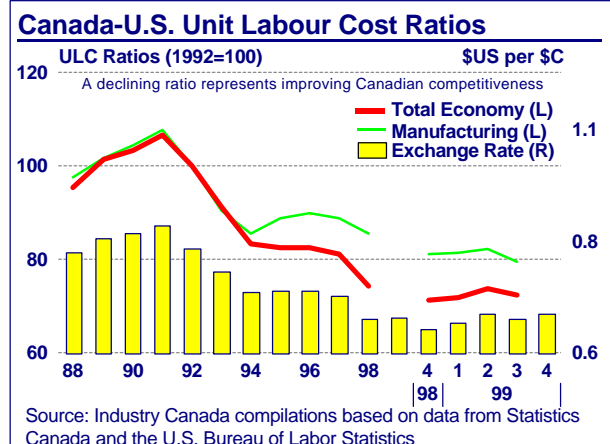
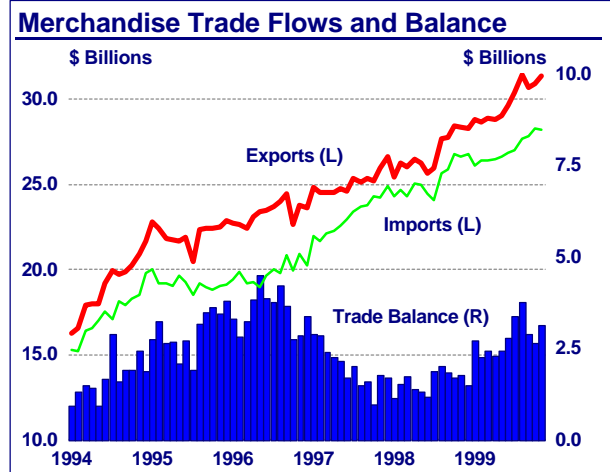


November's strong export growth...

- Exports rose by 1.4% November, as a second consecutive increase helped bring exports to just below the August record. November's increase was due mainly to higher exports of high-tech M&E and Industrial Goods.
- Imports were down 0.2% in November, registering their first drop in 10 months. The decline was due primarily to lower imports of M&E and Agricultural Products, which both experienced surges in the previous month. The most significant increase was in Energy Products (+18.9%), which was boosted by higher crude oil prices.

...leads to a higher trade surplus

- The trade surplus rose to \$3.1 billion in November, its highest level in four months. This follows a strong third quarter, where a sharp improvement in the merchandise trade surplus led to Canada's first current account surplus since 1996.
- On a year-to-date basis, the cumulative trade surplus had reached \$30.6 billion as of November, more than 75% higher than a year ago.



Merchandise Trade

November 1999	Levels (\$ millions)		Year-to-date (\$ millions)		Change (\$M)		% Change	
	1999 Oct	1999 Nov	1998 Jan-Nov	1999 Jan-Nov	Oct to Nov 1999	Oct to Nov 1999	Nov 98 to Nov 99	
Exports	30,913	31,351	294,010	328,423	438	1.4	10.5	
to United States	26,560	26,881	245,413	282,265	321	1.2	10.8	
Imports	28,292	28,224	276,642	297,808	-68	-0.2	6.1	
from United States	21,366	21,083	212,763	227,494	-283	-1.3	2.4	
Trade Balance	2,621	3,127	17,368	30,615	506			
with United States	5,194	5,798	32,650	54,771	604			
Exports by Commodity								
Agriculture/Fishing Products	2,179	2,163	23,030	23,441	-16	-0.7	1.6	
Energy Products	2,779	2,833	22,172	27,020	54	1.9	53.3	
Forestry Products	3,294	3,294	32,106	35,427	0	0.0	9.1	
Industrial Goods & Materials	4,956	5,091	52,809	52,285	135	2.7	8.5	
Machinery & Equipment	7,404	7,620	72,121	77,674	216	2.9	15.0	
Automotive Products	8,061	8,060	69,578	87,735	-1	0.0	2.6	
Other Consumer Goods	1,139	1,127	11,350	12,461	-12	-1.1	2.2	
Imports by Commodity								
Agriculture/Fishing Products	1,544	1,468	15,768	16,203	-76	-4.9	-1.5	
Energy Products	1,044	1,241	8,064	9,478	197	18.9	81.7	
Forestry Products	228	235	2,274	2,498	7	3.1	8.3	
Industrial Goods & Materials	5,328	5,391	55,164	56,385	63	1.2	4.6	
Machinery & Equipment	9,506	9,244	92,287	98,827	-262	-2.8	6.3	
Automotive Products	6,450	6,498	60,599	69,488	48	0.7	3.7	
Other Consumer Goods	3,157	3,140	31,426	33,709	-17	-0.5	0.9	

LABOUR MARKET TRENDS



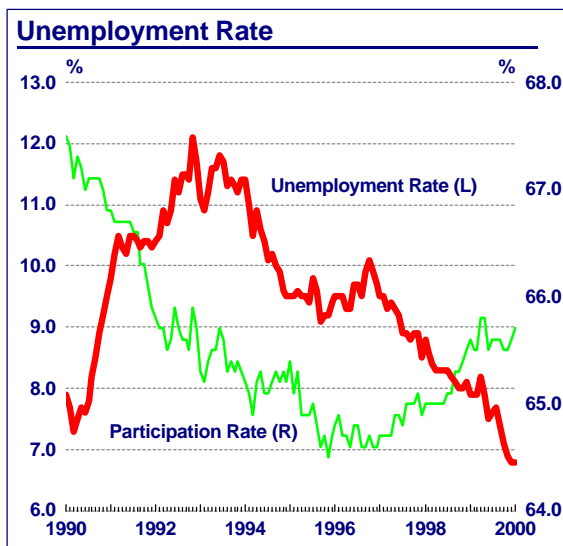
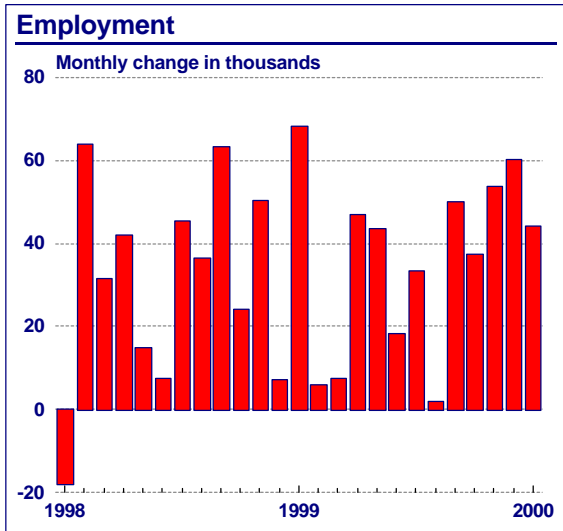
Employment and Unemployment

The year begins with another solid rise in employment...

- After increasing by 427,000 overall in 1999, employment rose a further 44,000 in January, marking the 24th consecutive monthly gain.
- Gains were split fairly evenly between full-time and part-time employment in January. However, over the last twelve months full-time work has increased by 442,000 while the number of part-time jobs has fallen 39,000.

...but the unemployment rate remains unchanged at 6.8%, a 23-year low

- As January's employment gains were matched by an increase in the labour force (+47,000), the national unemployment rate was unchanged at 6.8% in January. (The December rate had been revised down from 6.9% with the release of extensive revisions to the labour force survey earlier in the month.) The current unemployment rate is the lowest since April 1976.
- The adult unemployment rate rose 0.1 percentage points to 5.7% in January. Higher employment plus a decline in the labour force lowered the youth unemployment rate 0.6 points to 12.5%.



Labour Force Trends

(in thousands)	Levels			Change since			% Change since	
	1999 January	1999 December	2000 January	last month	last year	year-to-date	last month	last year
Employment	14,388.6	14,747.5	14,791.8	44.3	403.2	44.3	0.3	2.8
Full-time	11,675.3	12,095.4	12,117.6	22.2	442.3	22.2	0.2	3.8
Part-time	2,713.3	2,652.1	2,674.2	22.1	-39.1	22.1	0.8	-1.4
Youth 15-24	2,193.6	2,254.1	2,265.8	11.7	72.2	11.7	0.5	3.3
Adult 25+	12,195.0	12,493.3	12,526.0	32.7	331.0	32.7	0.3	2.7
Self-employed	2,464.6	2,509.0	2,531.2	22.2	66.6	22.2	0.9	2.7
Unemployment	1,237.3	1,074.9	1,077.5	2.6	-159.8	2.6	0.2	-12.9
Unemployment Rate	7.9	6.8	6.8	0.0	-1.1	0.0		
Youth 15-24	14.1	13.1	12.5	-0.6	-1.6	-0.6		
Adult 25+	6.7	5.6	5.7	0.1	-1.0	0.1		
Labour Force	15,625.9	15,822.3	15,869.3	47.0	243.4	47.0	0.3	1.6
Participation Rate	65.6	65.6	65.7	0.1	0.1	0.1		
Employment Rate	60.4	61.2	61.3	0.1	0.9	0.1		



Industry Overview

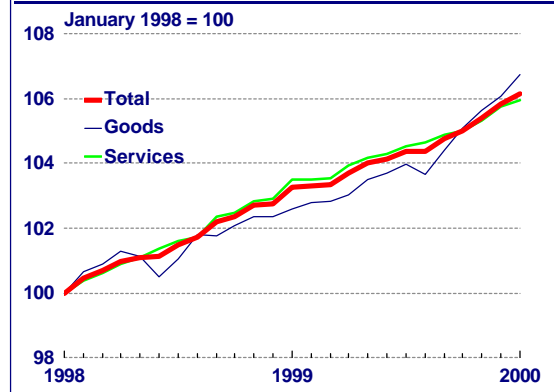
Job growth is strongest in the Goods sector...

- Gains in Manufacturing and Construction contributed to a net increase of 24,000 workers in the Goods-producing sector. Employment in these two industries is up sharply on a year-over-year basis.
- Employment was up 20,000 in the Service sector in January, led by solid advances in Health Care & Social Assistance as well as Transportation & Warehousing. Five of the eight remaining major industry groups posted modest net job losses on the month, however.

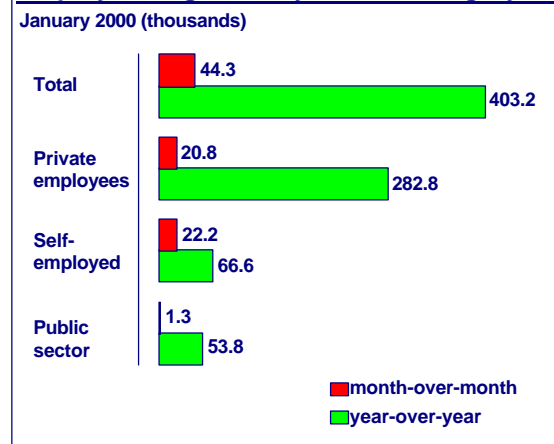
...boosted by ongoing strength in the private sector

- The private sector accounted for virtually all of the net job creation in January. The number of paid employees in the private sector was up 21,000, and was matched by a similar rise in self-employment.
- Employment in the public sector was little changed on the month.

Employment by major sector



Employment growth by worker category



Industrial Employment Trends

(in thousands)	Levels			Change since			% Change since	
	1999 January	1999 December	2000 January	last month	last year	year-to- date	last month	last year
Goods-producing	3,738.4	3,865.3	3,889.2	23.9	150.8	23.9	0.6	4.0
Agriculture	418.8	399.1	401.1	2.0	-17.7	2.0	0.5	-4.2
Other Primary*	279.2	275.3	275.5	0.2	-3.7	0.2	0.1	-1.3
Utilities	113.2	115.4	116.0	0.6	2.8	0.6	0.5	2.5
Construction	762.0	807.4	815.0	7.6	53.0	7.6	0.9	7.0
Manufacturing	2,165.2	2,268.2	2,281.7	13.5	116.5	13.5	0.6	5.4
Service-producing	10,650.3	10,882.2	10,902.6	20.4	252.3	20.4	0.2	2.4
Trade	2,227.1	2,271.7	2,263.1	-8.6	36.0	-8.6	-0.4	1.6
Transportation	721.2	764.2	776.6	12.4	55.4	12.4	1.6	7.7
FIRE*	863.3	865.3	859.6	-5.7	-3.7	-5.7	-0.7	-0.4
Professional/Scientific	892.6	926.5	927.1	0.6	34.5	0.6	0.1	3.9
Management/Administrative	487.8	517.5	512.5	-5.0	24.7	-5.0	-1.0	5.1
Educational Services	981.9	1,001.7	998.5	-3.2	16.6	-3.2	-0.3	1.7
Health Care/Social Assistance	1,414.3	1,471.9	1,511.0	39.1	96.7	39.1	2.7	6.8
Information/Culture/Recreation	626.2	636.2	628.4	-7.8	2.2	-7.8	-1.2	0.4
Accommodation & Food	920.2	950.6	951.7	1.1	31.5	1.1	0.1	3.4
Other Services	734.5	708.9	701.3	-7.6	-33.2	-7.6	-1.1	-4.5
Public Administration	781.3	767.8	772.8	5.0	-8.5	5.0	0.7	-1.1

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



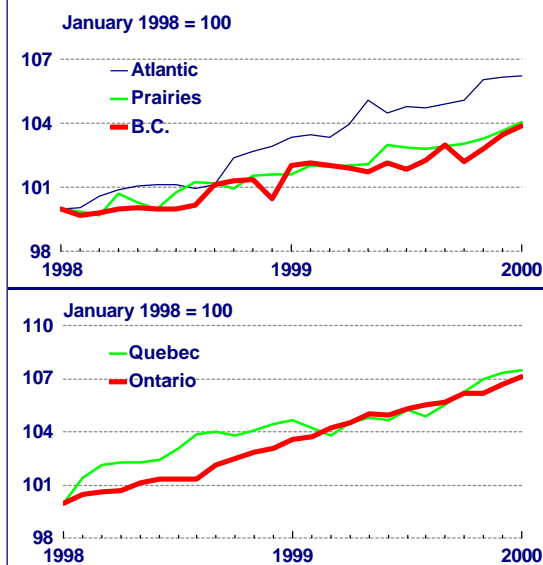
Most provinces register job gains in January...

- Newfoundland was the only province to record a net job loss in January. Job growth was solid elsewhere in Atlantic Canada, extending the strong pick-up in employment growth that has been evident over the past three months.
- Employment advanced 21,000 in Ontario, but was little changed in Quebec following a surge in job growth since the end of the summer. Job growth in Western Canada was led by Manitoba and Saskatchewan.

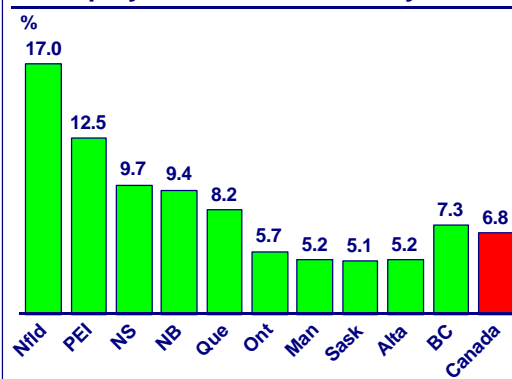
...but Newfoundland's unemployment rate rises sharply

- Job losses in Newfoundland drove its unemployment rate up nearly 3 full percentage points to 17.0% in January. Elsewhere in Atlantic Canada, the unemployment rate was little changed in Nova Scotia, but down in New Brunswick and P.E.I.
- Ontario's unemployment rate edged higher as employment gains were outpaced by a rise in the labour force. Quebec's unemployment rate was also up slightly.
- The unemployment rate in Manitoba was unchanged at 5.2%, but all other Western provinces registered lower rates.

Regional employment patterns



Unemployment Rates -- January 2000



Provincial Employment and Unemployment Trends

	Employment (thousands)						Unemployment rate (%)		
	Levels 2000 January	Change since last month		Change since last year		Levels	Change since last month	Change since last year	
		(000's)	%	(000's)	%				
Canada	14,791.8	44.3	0.3	403.2	2.8	6.8	0.0	-1.1	
Newfoundland	204.1	-7.1	-3.4	5.9	3.0	17.0	2.9	-1.0	
P.E.I.	64.4	0.7	1.1	4.4	7.3	12.5	-0.2	-3.6	
Nova Scotia	417.5	3.6	0.9	13.4	3.3	9.7	0.1	0.2	
New Brunswick	332.4	3.0	0.9	3.6	1.1	9.4	-0.8	-2.2	
Quebec	3,428.7	3.1	0.1	88.4	2.6	8.2	0.1	-1.6	
Ontario	5,795.3	21.3	0.4	191.8	3.4	5.7	0.2	-0.9	
Manitoba	549.9	3.9	0.7	12.4	2.3	5.2	0.0	-0.6	
Saskatchewan	488.2	4.3	0.9	11.5	2.4	5.1	-0.2	-1.3	
Alberta	1,575.4	3.7	0.2	38.0	2.5	5.2	-0.2	-0.8	
B.C.	1,935.9	7.7	0.4	33.7	1.8	7.3	-0.5	-1.0	

PRICES and FINANCIAL MARKETS

Consumer and Commodity Prices



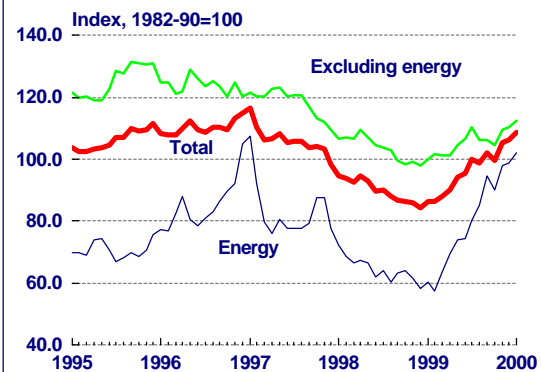
Higher energy prices push up inflation in December ...

- Inflation was 2.6% in December on a year-over-year basis, up from 2.2% in November. Energy prices continue to trend upward, rising a strong 15.1% on an annual basis. CPI inflation averaged 1.7% in 1999, nearly double the 0.9% rate recorded in the previous two years.
- On a monthly basis, consumer prices increased by only 0.1% in December, with lower prices for Clothing & Footwear, Recreation and Household Operations largely offsetting higher prices in other categories.

...but the "core" rate remains within the official target range

- Excluding energy, food and indirect taxes, the "core" rate of inflation was 1.6% in December, remaining within the bottom half of the 1%-3% target range set jointly by the Bank of Canada and the Department of Finance.
- Commodity prices rose sharply again in January, bringing the year-over-year increase to 26.1% (68.9% for Energy prices alone). Commodity prices have been trending up strongly over the past nine months following two years of decline, and are now nearly back to the level reached three years ago.

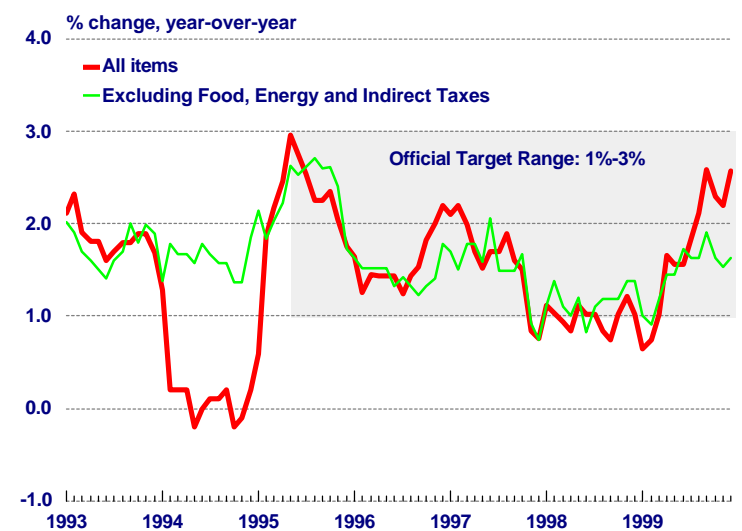
Commodity Prices (\$U.S. basis)



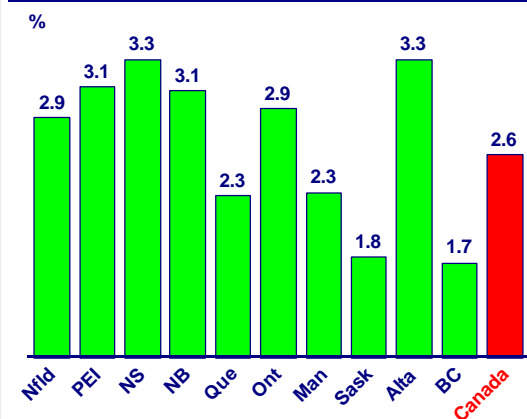
Consumer Prices

	Index (1992=100)	% Change since	
		last month	last year
December 1999			
All items CPI	111.5	0.1	2.6
Food	110.9	0.3	1.1
Shelter	106.4	0.5	1.9
Household operations	109.2	-0.3	1.3
Clothing & Footwear	103.4	-1.9	0.8
Transportation	128.3	0.8	6.7
Health & Personal Care	110.8	0.3	1.8
Recreation, Educ. & Reading	119.4	-0.7	2.5
Alcohol & Tobacco	95.9	0.8	2.7
Excl. Food/Energy/Indirect Taxes	112.3	-0.1	1.6
Energy	118.4	2.2	15.1
Commodity Prices (January)			
Index, 1982-90=100	108.8	2.4	26.1
Excluding Energy	112.4	1.8	12.3
Energy	102.0	3.4	68.9

Consumer Price Index



Provincial CPI Inflation -- December 1999



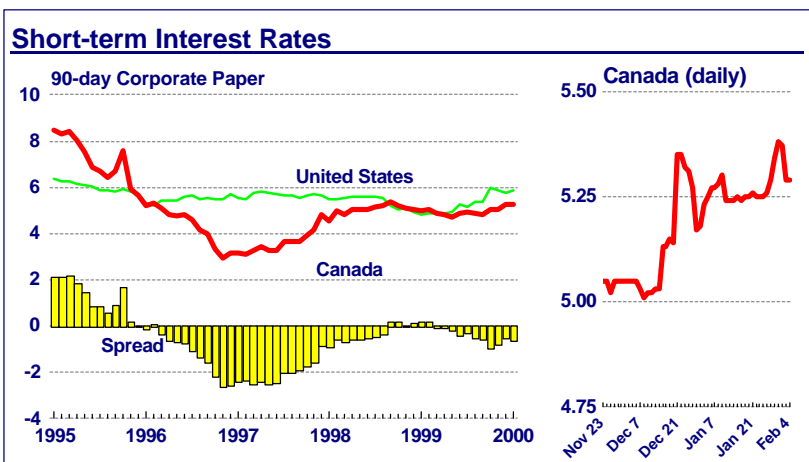


The Bank of Canada raises short term interest rates in January...

- The Bank of Canada raised its trendsetting Bank Rate by 25 basis points to 5.25% on February 3. This move was justified based on the need to keep inflation within its 1 to 3 percent target range amid growing evidence of continued strong economic growth. The rate hike also followed a similar move by the U.S. Federal Reserve.
- The Bank of Canada's announcement triggered increases in the major banks' Prime Lending Rate, which rose from 6.5% to 6.75%. Upward pressure was also put on both short-term and long-term mortgage rates, which had jumped up already in January.
- Short term interest rates increased more rapidly in the U.S. than in Canada in January, widening the Canada-U.S. interest rate gap to 60 basis point in Canada's favour.

...but long-term yields fall

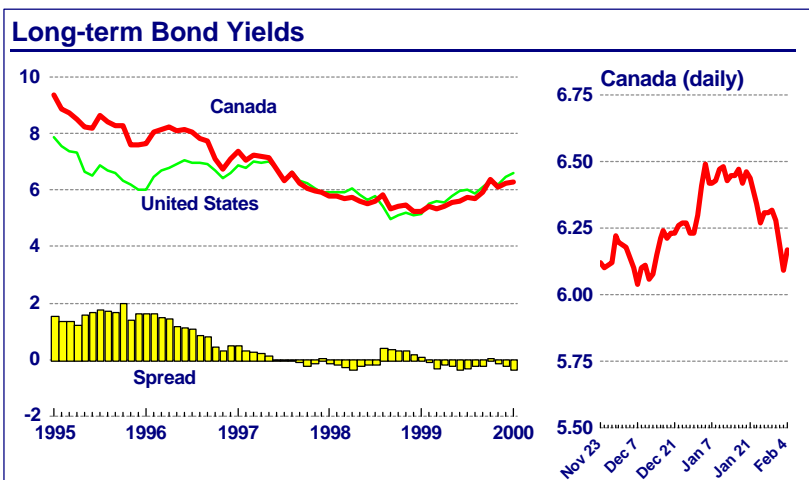
- Long term interest rates declined sharply near the end of January, offsetting a run-up in bond yields that occurred at the beginning of the month. The drop in long-term rates was attributed to market expectations that further inflation will be contained successfully in both Canada and the United States.



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 1999	4.87	-0.50	5.68	-0.19
Sept	4.83	-0.53	5.91	-0.22
Oct	5.05	-0.93	6.36	0.03
Nov	5.05	-0.80	6.10	-0.12
Dec	5.27	-0.49	6.23	-0.22
Jan 2000	5.25	-0.64	6.27	-0.33
Feb 2	5.37	-0.60	6.19	-0.13

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 1999	4.75	6.25	7.05	7.80
Sept	4.75	6.25	6.80	7.70
Oct	4.75	6.25	7.35	8.25
Nov	5.00	6.50	7.35	8.25
Dec	5.00	6.50	7.35	8.25
Jan 2000	5.00	6.50	7.60	8.55
Feb 2	5.00	6.50	7.60	8.55

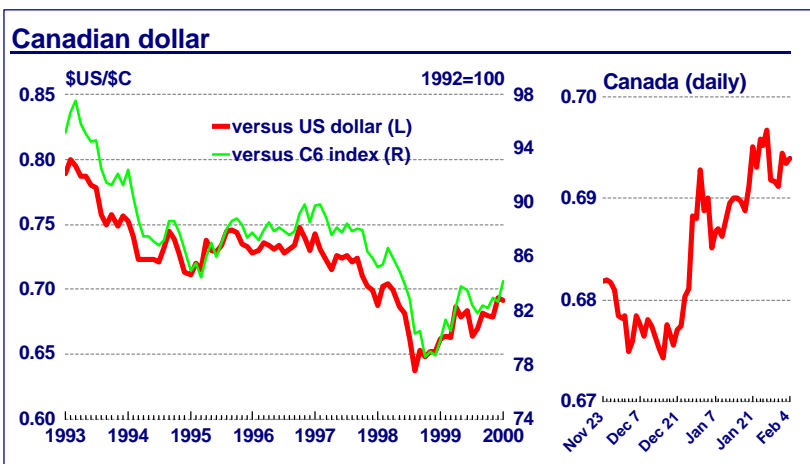


Canadian stock prices surge early in February...

- After gaining 12% in December, the TSE 300 index advanced a further 0.8% in January. Stock prices also shot up early in February, rising above the 9,000 mark for the first time ever on February 4 to close at 9,209, up 8.6% from January's close.
- Increased confidence in the Canadian economy – boosted by the release of strong employment figures for January and relatively low interest rates – helped propel the TSE 300 to its new record high.
- While Canada stock prices remained firm in January, the two major U.S. stock indexes – the S&P 500 and the Dow Jones – were both down roughly 5% on the month.

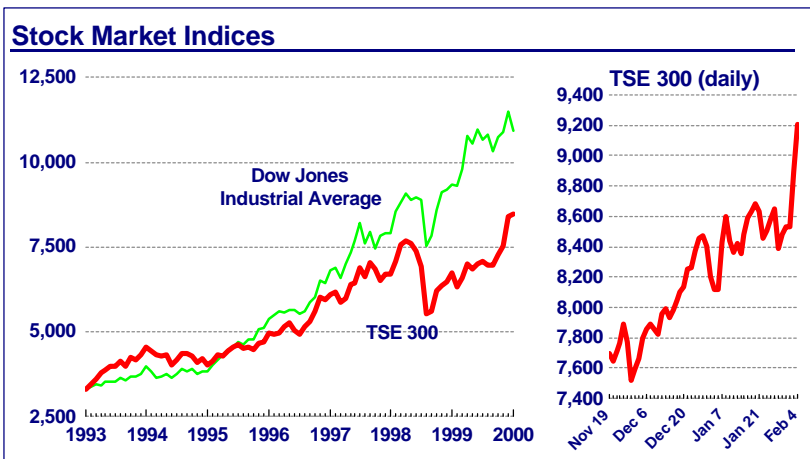
...but the upward momentum in the dollar is halted

- After reaching a 20-month high of \$US 0.6967 on January 27, the dollar fell back to \$US 0.6918 by the end of the month, leaving it virtually unchanged from its December close. The dollar retreated in part due to expectations that further interest rate hikes would be required in the United States to temper its buoyant economy. The Canadian dollar subsequently regained some of this lost ground, closing at \$US 0.6940 on February 4.



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 1999	0.6700	81.79	1.236	75.80
Sept	0.6815	82.43	1.261	72.34
Oct	0.6797	82.22	1.237	71.71
Nov	0.6782	82.96	1.291	71.29
Dec	0.6929	82.67	1.313	69.66
Jan 2000	0.6918	84.15	1.333	72.77
Feb 4	0.6940			



Key Stock Market Indexes

	January Close	% change from	
		last month	last year
TSE 300	8,481	0.8	26.0
Oil & Gas	5,786	-1.3	30.9
Metals & Minerals	4,073	-9.0	34.4
Utilities	13,812	9.9	68.8
Paper & Forest	5,358	2.3	48.2
Merchandising	4,633	-9.4	-15.7
Financial Services	7,081	-4.4	-17.8
Gold	4,334	-11.1	-23.5
Price-Earnings Ratio*	34.1	-5.9	7.9
S&P 500	1,394	-5.1	9.0
Dow Jones	10,941	-4.8	16.9

*columns 2 & 3 reflect change in levels



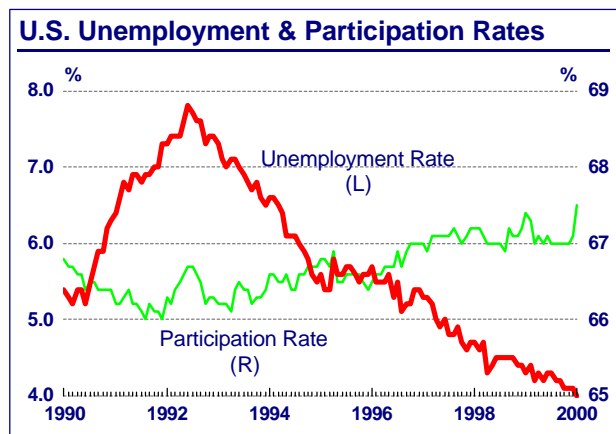
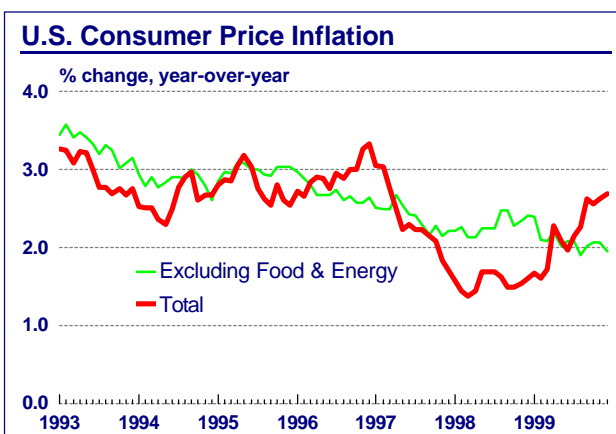
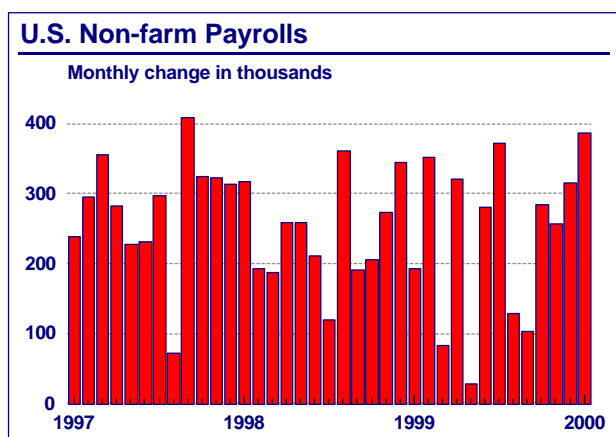
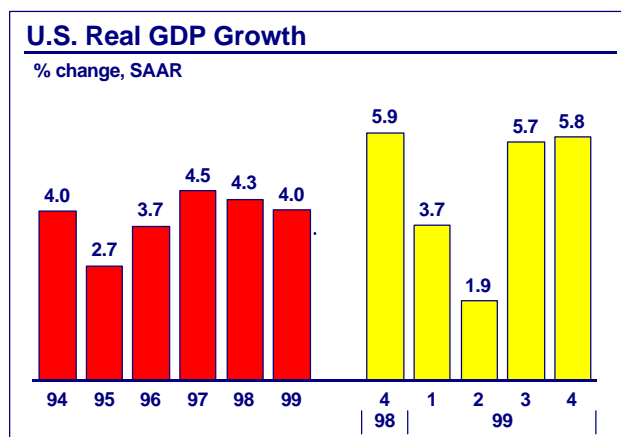
U.S. Economic Trends

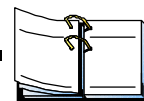
The Federal Reserve boosts interest rates...

- As expected, the Federal Reserve Board raised its key federal funds rate by a quarter point to 5.75% on February 1 to prevent the emergence of inflationary pressures. Despite modest CPI inflation, fears of higher prices were sparked by a 1.1% increase in the employment cost index in the fourth quarter of 1999, and January's 0.4% rise in average hourly earnings.
- Labour productivity grew at a 5.0% annual rate in the third and fourth quarters of 1999, helping to keep downward pressure on costs and thus inflation.

... as the US economy ends 1999 on a very strong note

- Advance estimates indicates that real GDP increased 5.8% (annual rate) in the fourth quarter of 1999, its strongest growth rate of the year. Production was boosted by consumer spending and inventory investment, but strong import growth moderated overall growth.
- Employment rose by 387,000 in January, its biggest advance since September 1997. This unexpectedly large gain reflects a surge in construction activity related to warmer-than-usual temperatures. The unemployment rate edged down 0.1 percentage points to 4.0%, a near 30-year low.
- The U.S. trade deficit soared to \$26.5 billion in November, the second straight monthly record. A jump in imports (1.4%) led to the higher deficit despite strong export growth (0.7%). On a year-to-date basis, the trade deficit is up 60% compared to 1998.





CANADA

Survey of Manufacturing – December	February 15
International Trade – December	February 18
Private and Public Investment Intentions – 2000	February 23
Consumer Price Index – January	February 24
Financial Statistics For Enterprises – 4th Quarter 1999	February 25
GDP at factor cost – December	February 28
National Economic & Financial Accounts – 4th Quarter 1999	February 28
Balance of International Payments – 4th Quarter 1999	February 28
Federal Budget 2000	February 28
Capacity Utilization Rates – 4th Quarter 1999	March 7
Labour Force Survey – February	March 10
Business Conditions Survey – April	May 2

UNITED STATES

Consumer Price Index – January	February 18
International Trade – December	February 18
GDP –4th Quarter 1999, Preliminary estimate	February 25
Employment Situation – February	March 3
Federal Open Market Committee meeting	March 21

Note: the February MEI uses data available as of February 4, 2000