

CLOSE TO 17,000,000

Canada's population increased 61,000 in the first two months of this year to reach an estimated 16,948,000 on March 1 as compared with 16,887,000 at the beginning of the year, according to the Dominion Bureau of Statistics quarterly estimates. At this level the population was only 52,000 short of the 17,000,000-mark.

Over the 12 months since March 1 last year the population growth was a record 528,000 or 3.2 per cent, comparing with increases of 448,000 in the preceding 12 months (2.8 per cent), 385,000 in 1955-56 (2.5 per cent), 425,000 in 1954-55 (2.8 per cent), 432,000 in 1953-54 (2.9 per cent), and 394,000 in 1952-53 (2.7 per cent).

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### FOREIGN CAPITAL INFLOW

Portfolio security transactions between Canada and other countries in 1957 were broadly similar to those which occurred in 1956, according to the Dominion Bureau of Statistics. For the year as a whole a very high level of capital investment again created strong demand pressures whose physical aspect was reflected in a substantial deficit on account of exchanges of goods and services between Canada and the rest of the world. The impact of these pressures on the Canadian capital market led to heavy financing demands being directed to foreign markets. This situation did not persist throughout the year, however, and there was a marked reduction in recourse to foreign security markets by Canadian governments and corporations in the latter half of the year. Nevertheless for the year as a whole the net import of capital by Canada through transactions in portfolio securities amounted to \$731,000,000, only moderately below the record of \$760,000,000 established in 1956, and more than twice the amount of the previous record net inflow established in the exceptional circumstances of 1950.

The net capital import from all portfolio security transactions of \$731,000,000 included \$104,000,000 from trade in outstanding Canadian issues and \$762,000,000 from the sale to non-residents of new Canadian securities, offset to the extent of \$152,000,000 by retirements of foreign-held Canadian securities. A net inflow of \$17,000,000 occurred on balance from transactions in foreign securities.

The quarterly movements reached a peak of \$316,000,000 in the second quarter of 1957, having risen from \$235,000,000 in the previous quarter. The second quarter level shattered the record of \$304,000,000 established in the third quarter of 1950 in a frenzy of exchange rate change expectations at that time. The rate of capital inflow from portfolio security

transactions then contracted sharply, falling to \$135,000,000 in the third quarter of 1957 and \$45,000,000 in the final quarter of the year. The decline in capital inflow was smaller than the decline in actual transactions entered into because in the first half of the year new sales on a deferred delivery basis exceeded deliveries on earlier contracts while in the latter part of the year the relationship was reversed. Timed according to contract rather than delivery dates, the rate of inflow fell from about \$600,000,000 in the first half of the year to about \$100,000,000 in the second half.

Residents of the United States provided some \$529,000,000 of the net movement, compared with \$535,000,000 in 1956. The net inflow from the United Kingdom rose from \$114,000,000 in 1956 to \$127,000,000 in 1957, but the inflow of \$75,000,000 from other overseas countries fell well below the figure of \$111,000,000 recorded in 1956.

The proceeds of new issues of Canadian securities sold abroad again set a new record in 1957, amounting to \$762,000,000, an increase of \$81,000,000 or 12 per cent over the previous record established in 1956. The movement was heavily concentrated in the first half of the year, during which some 72 per cent of the inflow occurred. A peak of \$293,000,000 was reached in the second quarter, and there was a rapid decline to less than one-quarter of that amount in the final quarter of the year. Residents of the United States bought about 90 per cent of the new issues sold to non-residents in both 1956 and 1957. In both years, too, about 90 per cent of the new issues of bonds and debentures sold outside Canada were payable optionally or solely in foreign currency.

Retirements of foreign-held Canadian securities amounted during 1957 to \$152,000,000. Slightly more than 80 per cent of the foreign-owned issues retired were held by residents of the United States, and about 90 per cent of the bonds and debentures retired were payable optionally or solely in foreign currencies.

Value of securities traded internationally in 1957 fell by more than \$350,000,000 from the record level of nearly \$2,400,000,000 established in 1956. The net inflow of \$140,000,000 recorded on the monthly returns compared with \$236,000,000 in 1956. Quarterly turnover amounted to nearly \$490,000,000 in the first quarter of the year, rising in the second quarter to \$680,000,000 which was only slightly below the peak established a year earlier. Turnover then fell sharply to \$480,000,000 in the third quarter and \$380,000,000 in the final quarter of the year. For the year as a whole, trading turnover with the United Kingdom rose by 39 per cent, but the turnover with the United States and with other overseas countries was down respectively by about 23 per cent and 3 per cent compared with 1956.