

Canada's international transactions in securities, April 2012

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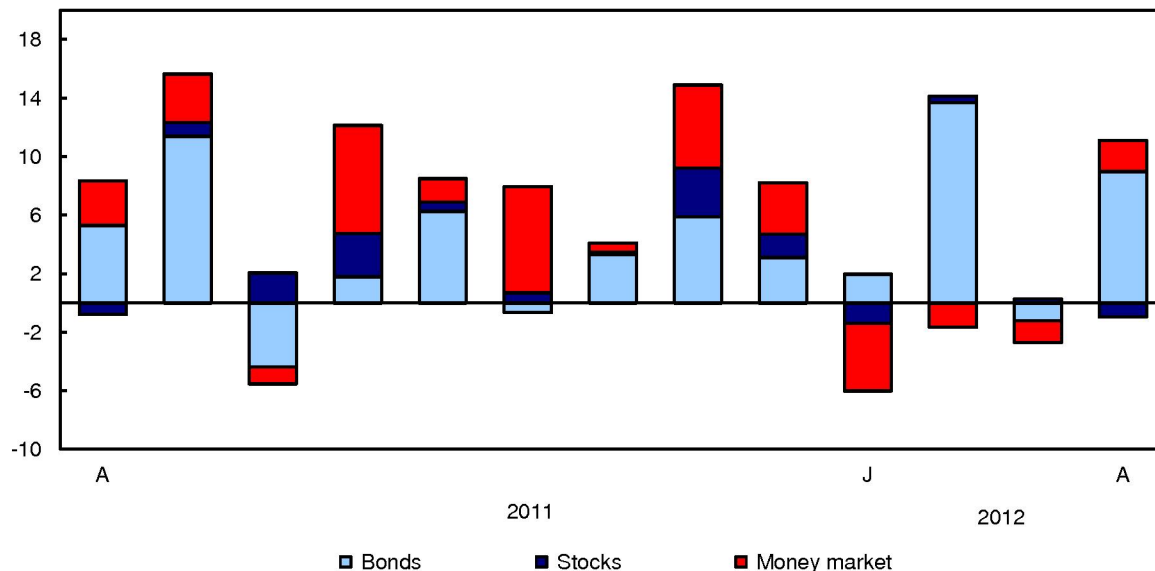
Non-resident investors acquired \$10.2 billion of Canadian securities in April, following a divestment in the previous month. Canadian investors' holdings of foreign securities declined \$2.7 billion, predominantly in bonds.

Non-residents resume their acquisitions of Canadian debt instruments

Foreign investors acquired \$9.0 billion of Canadian bonds in April after a \$1.2 billion divestment in March. Foreign acquisitions were led by secondary market purchases of federal bonds, mainly medium-term instruments. New issues of US dollar-denominated bonds by provincial governments and private corporations also contributed to the inflows during the month.

Chart 1
Foreign portfolio investment in Canadian securities

billions of dollars



Non-resident purchases of Canadian money market securities amounted to \$2.1 billion in April and were focused on provincial government paper. This activity followed three straight months of divestment, largely of federal Treasury bills. The inflows in April were moderated by retirements of paper issued by non-financial corporations. Short-term yields in Canada increased 14 basis points during the month.

Foreign investors reduce their holdings of Canadian equities

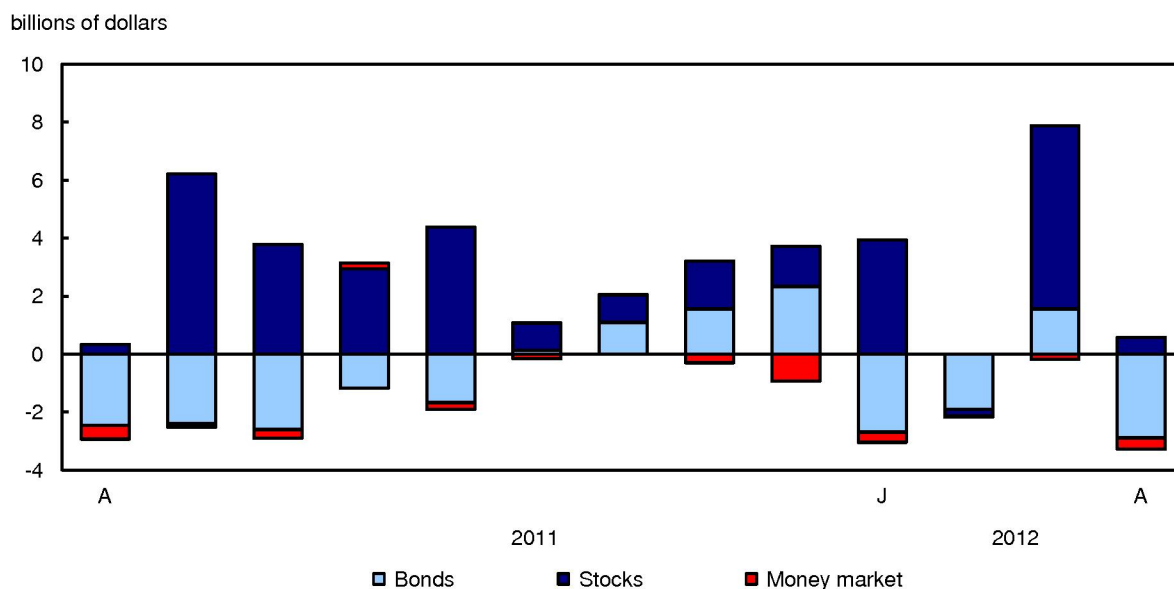
Non-resident investors sold \$941 million of Canadian stocks in April, following two straight months of acquisitions. The divestment in the month was led by secondary market sales of Canadian shares by US residents. Canadian equity markets fell for a second straight month, decreasing 0.8% in April. The Canadian dollar appreciated relative to the US dollar to its highest level since August 2011.



Canadians further reduce their holdings of foreign debt instruments

Canadians divested an additional \$2.9 billion of foreign long-term debt securities in April, following a \$3.0 billion sale in the first quarter of 2012. The activity in April was concentrated in US government medium-term bonds. The reduction in holdings of US government bonds was the largest since June 2011. US long-term yields fell 20 basis points in April, leading to an interest rate differential in favour of investment in Canada.

Chart 2
Canadian portfolio investment in foreign securities¹



Canadians also removed \$388 million from their holdings of foreign money market instruments in April, a sixth straight month of divestment. The reduction was concentrated in European government paper and was partially offset by investment in US government Treasury bills.

Canadian investors acquire foreign stocks at a slower pace

Canadians added \$578 million of foreign equities to their portfolio in April, compared with a \$6.3 billion purchase in March. The investment was split almost evenly between US and non-US shares. Despite the reduced activity, April marked the 12th straight monthly net investment in non-US foreign stocks by Canadians, a period during which \$14.0 billion of these instruments were added to their holdings. US equity markets were down 0.7% in April after four straight months of gains, following a similar pattern in most major foreign stock markets.

Note to readers

All values in this release are net transactions unless otherwise stated.

The data series on international security transactions cover portfolio transactions in stocks, bonds and money market instruments for both Canadian and foreign issues.

Stocks include common and preferred equities, as well as warrants.

Debt securities include bonds and money market instruments.

Bonds have an original term to maturity of more than one year.

Money market instruments have an original term to maturity of one year or less.

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

Table 1
Canada's international transactions in securities

	February 2012	March 2012	April 2012	January to April 2011 ¹	January to April 2012 ¹
	millions of dollars				
Foreign investment in Canadian securities	12,496	-2,402	10,155	30,019	16,211
Bonds (net)	13,694	-1,200	8,987	17,381	23,456
Outstanding	8,295	149	5,384	15,779	16,009
New issues	5,949	7,831	4,491	15,323	20,856
Retirements	-1,105	-9,472	-1,468	-16,044	-15,709
Change in interest payable ²	556	292	580	2,323	2,301
Money market paper (net)	-1,643	-1,490	2,109	3,846	-5,650
Government of Canada	-2,677	-3,064	63	3,841	-10,422
Other	1,034	1,574	2,046	5	4,773
Stocks (net)	445	288	-941	8,792	-1,596
Outstanding	-504	628	-970	10,566	-2,946
Other transactions	949	-340	30	-1,774	1,350
Canadian investment in foreign securities	2,165	-7,709	2,684	-572	-3,762
Bonds (net)	1,899	-1,569	2,875	3,225	5,886
Money market paper (net)	36	172	388	208	953
Stocks (net)	230	-6,312	-578	-4,004	-10,601

1. Cumulative transactions.

2. Interest accrued less interest paid.

Note(s): A minus sign indicates an outflow of money from Canada, that is, a withdrawal of foreign investment from Canada or an increase in Canadian investment abroad.

Available without charge in CANSIM: tables 376-0018 to 376-0029, 376-0042, 376-0058 and 376-0063.

Definitions, data sources and methods: survey number 1535.

The April 2012 issue of *Canada's International Transactions in Securities* (67-002-X, free) will soon be available.

Data on Canada's international transactions in securities for May will be released on July 16.

For more information, contact Statistics Canada's National Contact Centre
(toll-free 1-800-263-1136; 613-951-8116; infostats@statcan.gc.ca).

To enquire about the concepts, methods or data quality of this release, contact Éric Boulay (613-951-1872),
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