

# The Daily

Statistics Canada

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**Canada's international transactions in securities, May 2012** 2

Non-residents acquired a record \$26.1 billion of Canadian securities in May, mainly in the form of government debt securities. Canadian investors made a modest \$1.3 billion purchase of foreign securities in the month, following a divestment in April.

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## Releases

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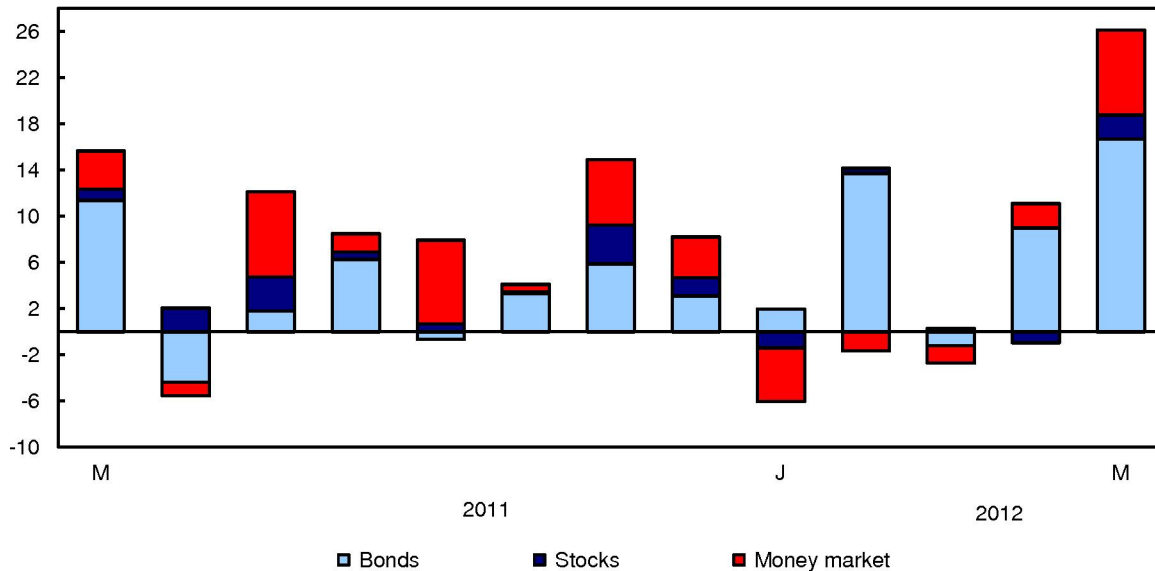
#### Foreign acquisitions of Canadian debt focus on federal government securities

Non-resident investors purchased \$16.7 billion of Canadian bonds in May, the largest such inflow of funds in three years. This activity was led by a \$9.5 billion foreign acquisition of federal government bonds mainly on the secondary market, largely composed of instruments at both ends of the maturity spectrum. Canadian long-term interest rates exceeded their US counterparts in May by the largest spread since September 2011, just as the Canadian dollar depreciated against the US dollar to the lowest level since September 2011.

Foreign investors added \$3.5 billion of federal government enterprise bonds to their portfolios in May, a fifth straight month of investment in these instruments. The remainder of the inflows in the Canadian bond market were in provincial bonds, mainly US dollar-denominated new issues, as well as corporate bonds.

**Chart 1**  
Foreign portfolio investment in Canadian securities

billions of dollars



In addition, non-residents acquired \$7.3 billion of Canadian money market instruments in May. Federal government paper accounted for \$4.9 billion of the monthly foreign investment as overall net new issues of these instruments reached the highest level since June 2009. Foreign investors also purchased short-term debt securities issued by Canadian provinces and banks. Foreign investment in the Canadian money market began to strengthen in the second half of 2011, and by the end of May 2012, foreign holdings of Canadian money market instruments reached a new high of \$69.9 billion.

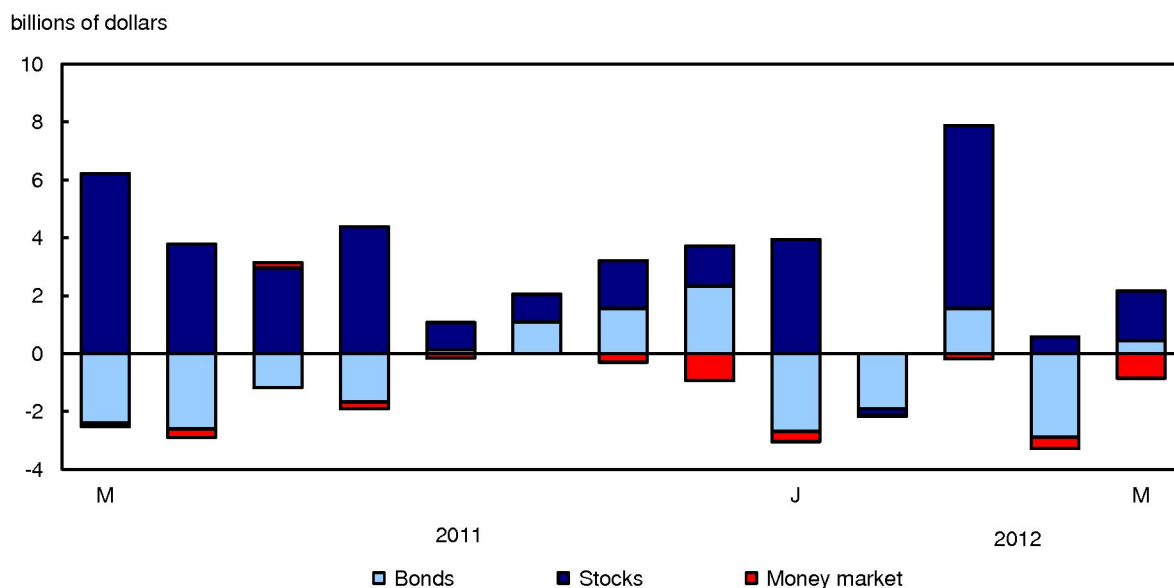
## Non-residents also increase their investment in Canadian equities

Foreign investment in Canadian equities amounted to \$2.1 billion in May, the largest amount since November 2011. Secondary market purchases accounted for over two-thirds of the activity as non-residents invested in a well-diversified basket of Canadian equities. Canadian stock prices were down 6.3% in the month to their lowest level in nearly two years.

## The trend of Canadian investment in foreign equities continues

Canadian investors added \$1.7 billion of foreign equities to their holdings, extending an investment pattern that began in January 2011. Canadian pension plans again led this activity in May, as major global equity markets experienced significant declines. US stocks accounted for \$1.1 billion of the outward investment. However, divestment of European and Asian equities had a moderating effect on overall outward equity investment.

**Chart 2**  
Canadian portfolio investment in foreign securities<sup>1</sup>



## Canadian investors further divest foreign money market instruments

Canadians removed \$402 million of foreign debt securities from their portfolios in May, largely US government securities. They reduced their holdings of foreign money market instruments by \$844 million, mainly as a result of the largest monthly divestment of US government Treasury bills in 2012. Canadian investors acquired \$442 million of foreign bonds, after having reduced their holdings in April. The investment was predominantly in Canadian dollar denominated bonds issued by US corporations, but this was partly offset by a divestment of US government bonds.

### Note to readers

The historical revision to the Canadian National Accounts is scheduled for release beginning in October 2012. Additional information on the schedule of releases and the new presentation of the data is available on the [National economic accounts](#) website.

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**

	March 2012	April 2012	May 2012	January to May 2011 <sup>1</sup>	January to May 2012 <sup>1</sup>
	millions of dollars				
<b>Foreign investment in Canadian securities</b>	<b>-2,401</b>	<b>10,155</b>	<b>26,109</b>	<b>45,656</b>	<b>42,321</b>
Bonds (net)	-1,199	8,987	16,668	28,767	40,126
Outstanding	149	5,384	11,661	24,225	27,670
New issues	7,831	4,491	9,388	22,073	30,243
Retirements	-9,472	-1,468	-4,467	-20,048	-20,176
Change in interest payable <sup>2</sup>	293	580	86	2,517	2,388
Money market paper (net)	-1,490	2,109	7,345	7,146	1,695
Government of Canada	-3,064	63	4,896	6,441	-5,526
Other	1,574	2,046	2,449	704	7,222
Stocks (net)	288	-941	2,096	9,744	500
Outstanding	628	-970	1,448	11,503	-1,498
Other transactions	-340	30	648	-1,759	1,998
<b>Canadian investment in foreign securities</b>	<b>-7,709</b>	<b>2,689</b>	<b>-1,317</b>	<b>-4,275</b>	<b>-5,075</b>
Bonds (net)	-1,569	2,879	-442	5,615	5,448
Money market paper (net)	172	388	844	336	1,797
Stocks (net)	-6,312	-578	-1,719	-10,226	-12,320

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 May 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 June will be released on August 16.

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

To enquire about the concepts, methods or data quality of this release, contact Yiling Zhang (613-951-2057; [yiling.zhang@statcan.gc.ca](mailto:yiling.zhang@statcan.gc.ca)), Balance of Payments Division.

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## **New motor vehicle sales, May 2012**

New motor vehicle sales data are now available for May.

**Available without charge in CANSIM: table 079-0003.**

**Definitions, data sources and methods: survey number 2402.**

For more information, to order data, or to enquire about the concepts, methods or data quality of this release, contact Statistics Canada's National Contact Centre (toll-free 1-800-263-1136; 613-951-8116; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or the Media Hotline (613-951-4636; [mediahotline@statcan.gc.ca](mailto:mediahotline@statcan.gc.ca)).

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## **Crude oil and natural gas production, May 2012 (preliminary data)**

Provincial crude oil and marketable natural gas production data are now available for May.

**Definitions, data sources and methods: survey number 2198.**

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

To enquire about the concepts, methods or data quality of this release, contact Anthony Caouette  
(613-951-2515), Manufacturing and Energy Division.

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## New products and studies

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There are no new products today.



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