

Canada's international transactions in securities, June 2012

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Non-residents reduced their holdings of Canadian securities by \$7.9 billion in June, following two straight months of acquisitions totalling \$36.3 billion. Canadian investors added \$3.9 billion of foreign securities to their portfolio, mainly US government bonds.

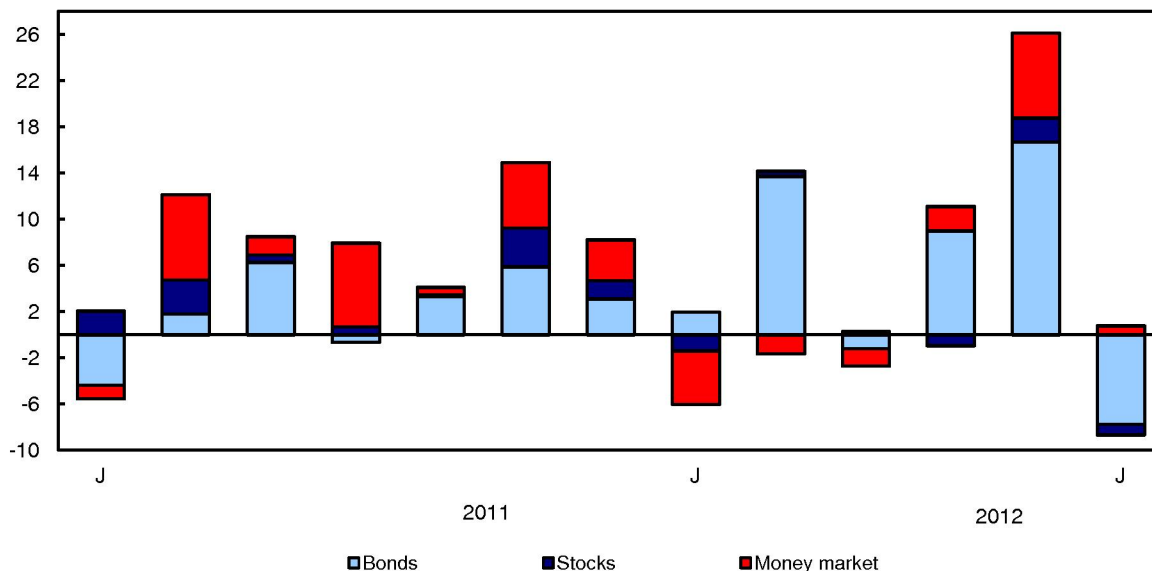
Foreign holdings of Canadian debt securities down on large retirements of bonds

Foreign investors reduced their holdings of Canadian bonds by \$7.8 billion in June, the largest divestment since December 2008. This resulted from a \$17.5 billion retirement of maturing instruments, mostly Canadian dollar denominated bonds from the federal government and its enterprises. These retirements were moderated by non-resident investment in Canadian bonds on the secondary market in June, mainly government securities.

Non-resident investors purchased \$0.8 billion of Canadian money market instruments in June, down from \$7.3 billion in May. Foreign investment of \$2.2 billion in federal paper was partially offset by a reduction in foreign holdings of government enterprise and corporate paper. Canadian short-term interest rates fell to their lowest level in 2012 by month-end.

Chart 1
Foreign portfolio investment in Canadian securities

billions of dollars



Non-resident holdings of Canadian equities edge down

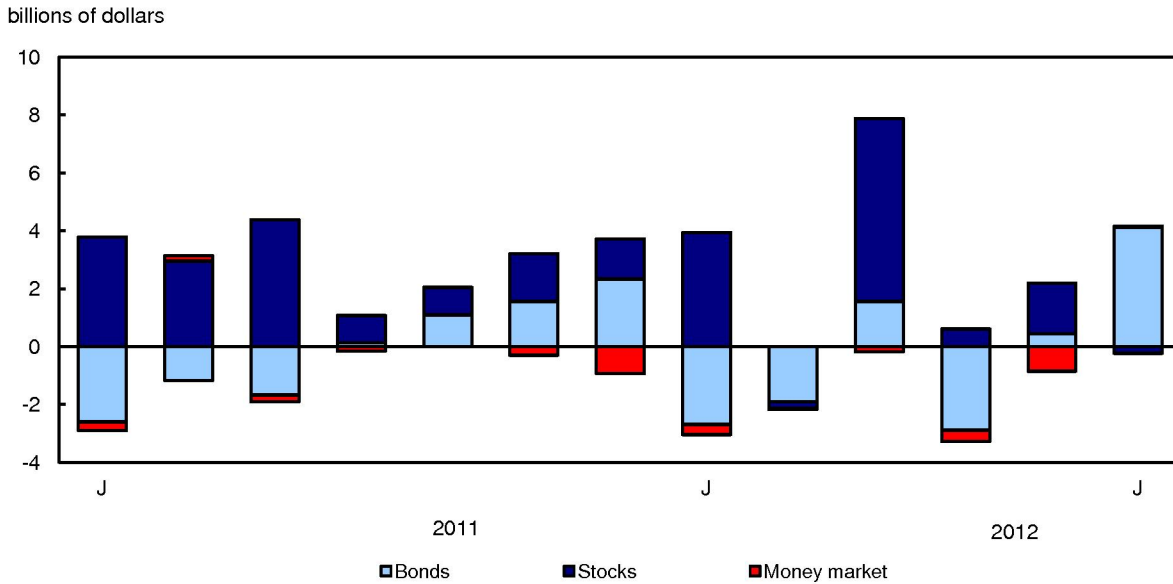
Non-residents sold \$0.9 billion of Canadian stocks in June, following a \$2.1 billion investment in May. Sales were focused on shares from the energy and gold sectors. Canadian equity prices were up 0.7% in June, following three months of declines.



Canadian acquisition of foreign bonds led by US government securities

Canadian investors acquired \$4.1 billion of foreign bonds in June, the largest acquisition since November 2010. Activity was led by \$3.0 billion in acquisitions of US government bonds, largely short-term instruments, and was the largest such purchase in over five years. The remainder of the activity was largely composed of purchases of corporate debt in the maple bond market. The spread between Canadian and US long-term yields narrowed in June but remained favourable for investment in Canada, as the Canadian dollar appreciated against its US equivalent.

Chart 2
Canadian portfolio investment in foreign securities¹



Canadians sell foreign equities for the first time in four months

Canadian investors reduced their holdings of foreign equities by \$0.2 billion in June, as prices in major world equity markets increased after posting sizable declines in May. Sales of non-US foreign stocks, a first divestment in these instruments since April 2011, were moderated by further acquisitions of US stocks over the month.

Note to readers

The historical revision to the Canadian National Accounts is scheduled for release beginning in October 2012. Information on Canada's international transactions in securities new [CANSIM tables](#) and [output formats](#) is now available on the National economic accounts website, tables 376-0131 to 376-0138.

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

	April 2012	May 2012	June 2012	January to June 2011 ¹	January to June 2012 ¹
	millions of dollars				
Foreign investment in Canadian securities	10,155	26,108	-7,885	42,180	34,428
Bonds (net)	8,987	16,669	-7,758	24,409	32,362
Outstanding	5,382	11,660	6,950	28,055	34,617
New issues	4,491	9,388	5,912	28,607	36,155
Retirements	-1,468	-4,467	-17,544	-31,803	-37,720
Change in interest payable ²	582	88	-3,077	-450	-691
Money market paper (net)	2,109	7,345	783	5,973	2,478
Government of Canada	63	4,896	2,191	6,131	-3,336
Other	2,046	2,449	-1,407	-158	5,814
Stocks (net)	-942	2,095	-910	11,798	-412
Outstanding	-971	1,447	-987	12,967	-2,487
Other transactions	30	648	77	-1,168	2,075
Canadian investment in foreign securities	2,655	-1,347	-3,935	-5,166	-9,073
Bonds (net)	2,879	-442	-4,133	8,209	1,315
Money market paper (net)	388	844	-26	636	1,771
Stocks (net)	-612	-1,748	224	-14,011	-12,159

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 June 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 July will be released on September 17.

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

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