

Canada's international transactions in securities, July 2012

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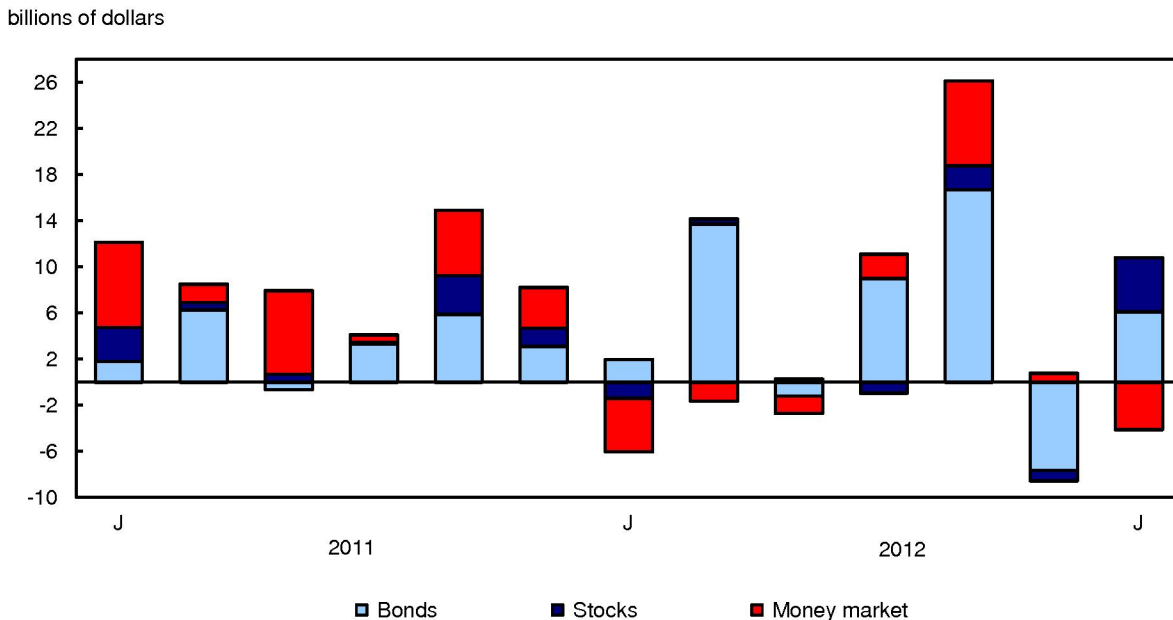
Non-resident investors acquired \$6.7 billion of Canadian securities in July, following a \$7.8 billion divestment in June. Canadian investment in foreign securities strengthened to \$4.6 billion and was equally split between debt and equity securities.

Foreign investors focus on Canadian bonds

Foreign investors purchased \$6.1 billion of Canadian bonds in July, following large retirements in June that reduced their holdings. Activity in July was on par with the monthly average investment since January 2012, and was led by secondary market purchases of \$3.9 billion in federal bonds and \$1.3 billion in provincial bonds. New issues of Canadian bonds in foreign markets slowed notably in July. By month-end, Canadian long-term interest rates had fallen for a fourth straight month to reach a low of 1.6%.

Non-residents reduced their holdings of Canadian money market instruments by \$4.1 billion in July, following three straight months of investment. A reduction of \$2.9 billion in foreign holdings of federal government paper led the divestment, mostly from retirements as well as sales of these instruments near maturity. Foreign investor holdings of provincial paper were reduced by \$1.5 billion, also from retirements.

Chart 1
Foreign portfolio investment in Canadian securities



Non-resident investment in Canadian equity reflects mergers and acquisitions activity

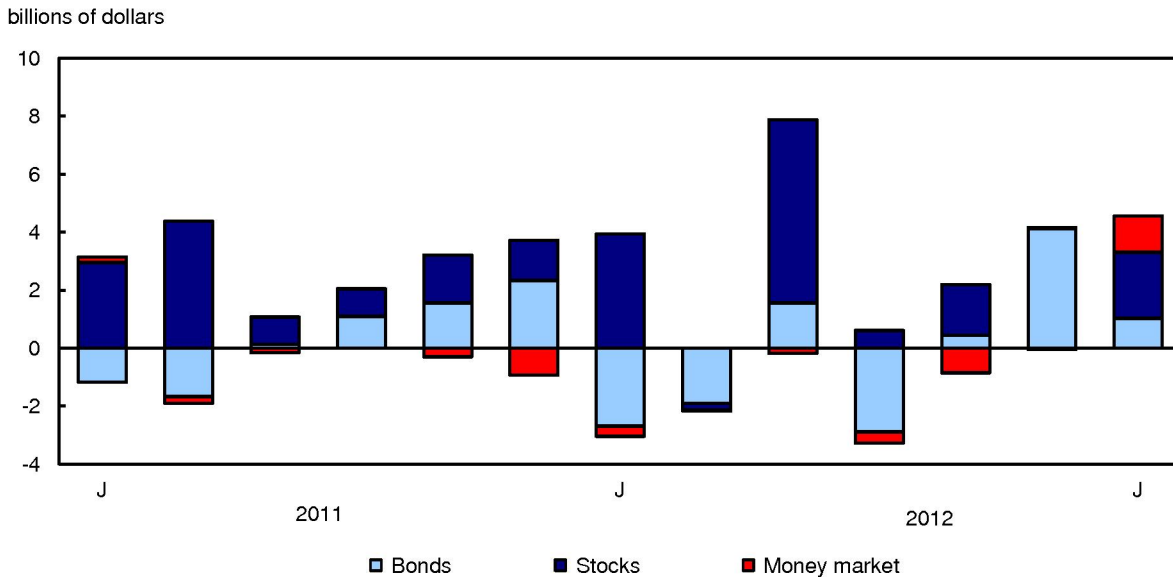
Non-residents added \$4.7 billion to their holdings of Canadian equities in July, the largest investment since February 2011. New equity issues led the inflows over the month, with the bulk related to cross-border merger and acquisition activity. Non-resident investors also acquired Canadian stocks on the secondary market as prices edged up, with a focus on shares from the energy sector.



Canadian investment in foreign debt market led by US government securities

Canadian investors added \$2.3 billion of foreign debt instruments to their holdings in July, comprised of almost equivalent amounts of bonds and money market instruments. Investment was primarily in US government securities, with investors acquiring bonds for a second straight month and purchasing the largest amount of US Treasury bills since October 2010. This investment was moderated by large retirements of Canadian dollar denominated foreign bonds over the month. In July, the differential between long- and short-term interest rates in the United States narrowed to the lowest level since January 2008, while the Canadian dollar appreciated against the US dollar for a second straight month.

Chart 2
Canadian portfolio investment in foreign securities¹



Investment in foreign stocks reaches a four-month high

Canadian investment in foreign stocks rebounded in July with purchases of \$2.3 billion, following a small divestment in June. US stocks accounted for nearly two thirds of the outflows, led by information technology shares. US stock prices increased for a second month in July.

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

	May 2012	June 2012	July 2012	January to July 2011 ¹	January to July 2012 ¹
	millions of dollars				
Foreign investment in Canadian securities	26,108	-7,757	6,671	54,311	41,225
Bonds (net)	16,669	-7,630	6,104	26,209	38,592
Outstanding	11,660	6,950	6,482	28,419	41,099
New issues	9,388	5,912	930	32,813	37,085
Retirements	-4,467	-17,418	-2,049	-35,323	-39,644
Change in interest payable ²	88	-3,074	742	300	52
Money market paper (net)	7,345	783	-4,119	13,363	-1,640
Government of Canada	4,896	2,191	-2,858	12,119	-6,194
Other	2,449	-1,407	-1,261	1,244	4,553
Stocks (net)	2,095	-910	4,686	14,739	4,273
Outstanding	1,447	-987	1,226	11,794	-1,261
Other transactions	648	77	3,460	2,945	5,535
Canadian investment in foreign securities	-1,347	-4,123	-4,559	-7,145	-13,820
Bonds (net)	-442	-4,133	-1,029	9,373	286
Money market paper (net)	844	-26	-1,247	446	524
Stocks (net)	-1,748	36	-2,283	-16,963	-14,631

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 July 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 August will be released on October 16.

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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