

Canada's international transactions in securities, August 2012

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Non-resident investors acquired \$6.9 billion of Canadian securities in August, as they favoured debt instruments over equity in contrast to July. Canadian investors reduced their holdings of foreign securities by \$1.7 billion, following three straight months of acquisition.

Foreign investment in the Canadian debt market focuses on corporate securities

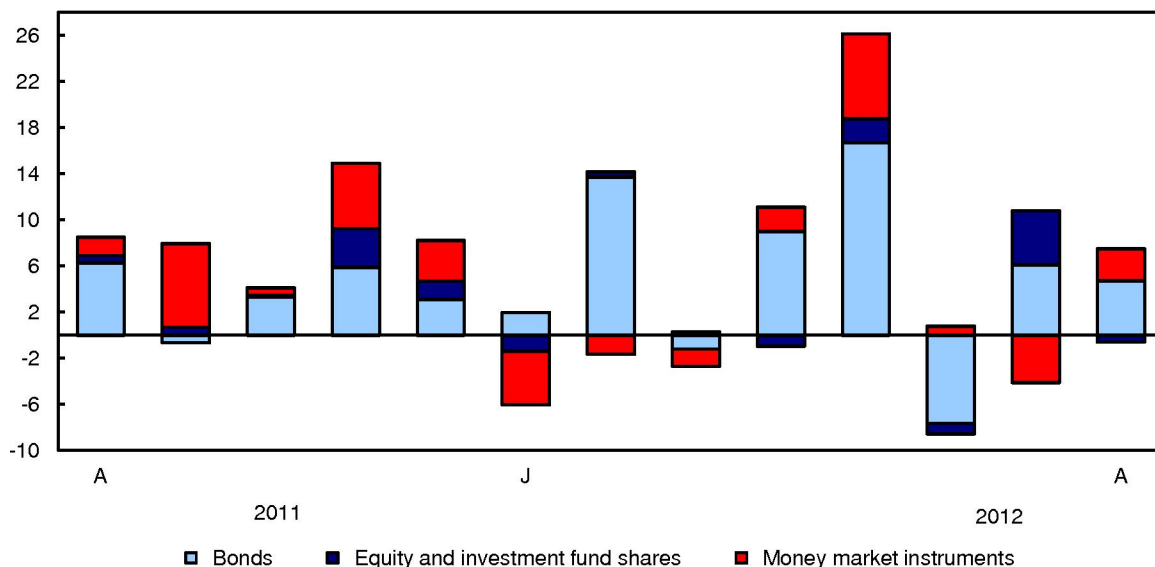
Foreign investors purchased \$7.5 billion of Canadian debt securities in August, up from the \$2.0 billion acquired in July. Non-residents added bonds and money market instruments to their holdings, led by Canadian corporate securities.

Foreign investment in Canadian bonds was \$4.7 billion and targeted new bonds issued by corporations, both private and public. Non-residents reduced their holdings of Canadian government bonds for the second time in three months, mainly federal bonds with short-term maturities. Nonetheless, foreign investors accumulated \$19.5 billion of federal government bonds between January and August of 2012, nearly fourfold the investment recorded during the same period in 2011.

Non-resident investment in the Canadian money market reached \$2.8 billion in August, following a large divestment in July. Foreign acquisitions of paper issued by Canadian private corporations posted the second largest inflow on record. This, combined with investment in provincial government paper, accounted for most of the activity over the month.

Chart 1
Foreign portfolio investment in Canadian securities

billions of dollars



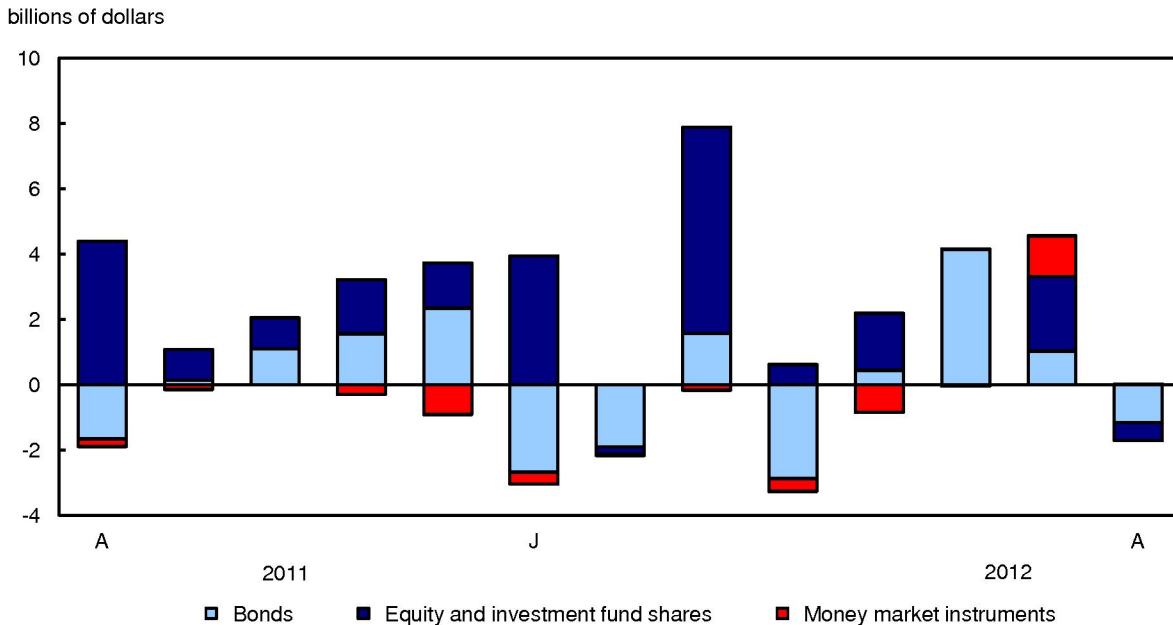
Non-residents reduce their holdings of Canadian equities

Foreign investors removed \$0.6 billion from their holdings of Canadian equities in August, after a \$4.7 billion investment in July. The divestment was in a wide variety of Canadian equities transacted on the secondary market. Canadian stock prices increased further in August, posting the largest monthly gain since January.

Canadian investors sell foreign debt securities after two months of acquisitions

Canadian investors reduced their holdings of foreign debt securities by \$1.1 billion in August, following two straight months of investment totalling \$6.4 billion. US government bonds and, to a lesser extent, non-US foreign bonds accounted for most of the reduction. Acquisitions of US corporate bonds and government T-bills moderated the overall divestment over the month. On a year-to-date basis, the level of divestment in foreign debt securities has decreased considerably compared with 2011.

Chart 2
Canadian portfolio investment in foreign securities



Canadian holdings of foreign equities down

Resident investors, led by pension funds, reduced their holdings of foreign equities by \$0.5 billion in August. Transactions in the month reflected certain portfolio adjustments, Canadians adding \$2.1 billion of US shares and removing \$2.6 billion of non-US foreign shares from their holdings. Most major world equity markets posted gains in August.

Note to readers

The data series on international transactions in securities cover portfolio transactions in equity and investment fund shares, bonds and money market instruments for both Canadian and foreign issues.

Equity and investment fund shares include common and preferred equities as well as units/shares of investment funds.

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.

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

Table 1
Canada's international transactions in securities

	June 2012	July 2012	August 2012	January to August 2011 ¹	January to August 2012 ¹
	millions of dollars				
Foreign investment in Canadian securities	-7,756	6,673	6,897	62,812	48,124
Debt securities	-6,846	1,988	7,492	47,449	44,445
Money market instruments	783	-4,116	2,769	14,970	1,130
All governments	2,273	-4,314	1,847	13,956	-2,169
Federal government	2,191	-2,858	681	14,232	-5,512
Corporations ²	-1,490	198	922	1,014	3,300
Bonds	-7,630	6,104	4,723	32,479	43,315
All governments	-1,371	4,880	-487	11,300	28,136
Federal government	-4,077	4,226	-675	4,940	19,538
Corporations ²	-6,258	1,224	5,210	21,179	15,179
Equity and investment fund shares	-910	4,686	-595	15,363	3,678
Canadian investment in foreign securities	4,123	4,559	-1,685	9,641	12,136
Debt securities	4,159	2,276	-1,141	-11,709	-1,951
Money market instruments	26	1,247	20	-677	-504
Bonds	4,133	1,029	-1,161	-11,032	-1,448
Equity and investment fund shares	-36	2,283	-544	21,350	14,087

1. Cumulative transactions.

2. Includes securities issued by government business enterprises and private corporations.

Note(s): In this table, a plus sign denotes an increase in investment and a minus sign denotes a decrease in investment. Transactions are recorded on a net basis.

Available without charge in CANSIM: tables 376-0131 to 376-0138, 376-0145 and 376-0146.

Definitions, data sources and methods: survey number 1535.

Data on Canada's international transactions in securities for September will be released on November 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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