Canada's international transactions in securities, November 2012

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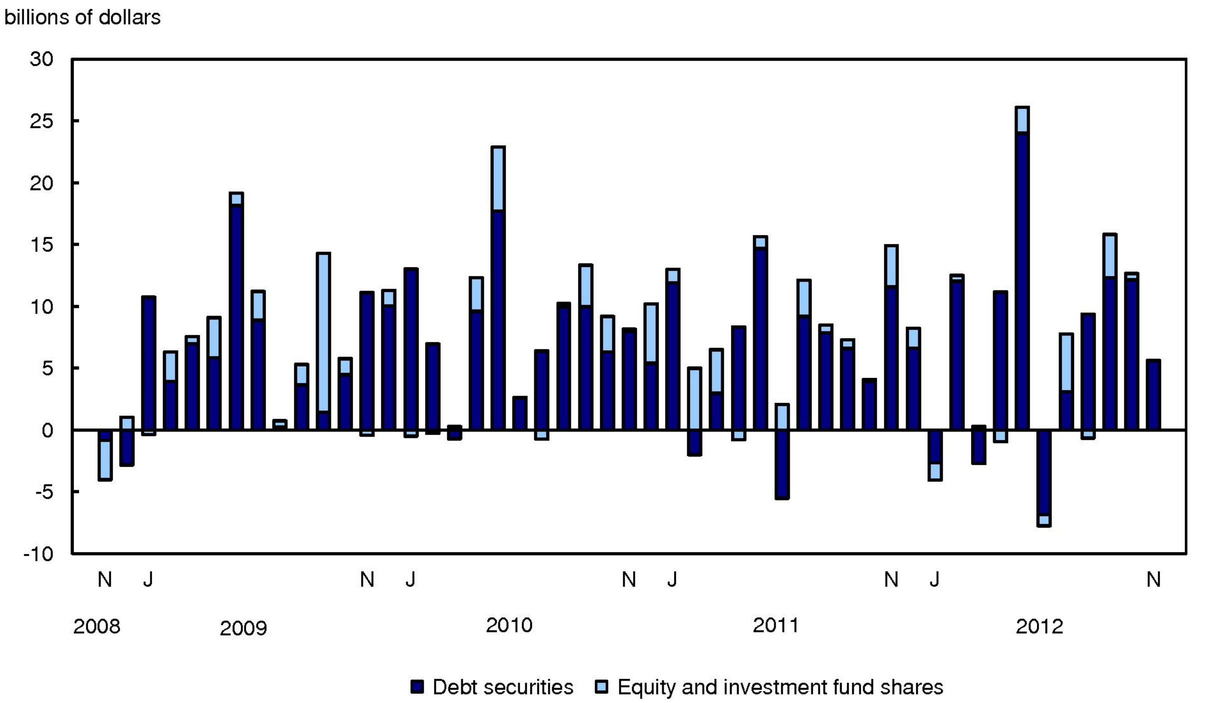
Canadian investment in foreign securities strengthened to $7.8 billion in November, nearly all in US instruments. Meanwhile, foreign investment in Canadian securities slowed to $5.6 billion, mainly federal government debt instruments. Nevertheless, the average monthly foreign investment in Canadian securities still stands well above that of Canadian investment in foreign securities since 2009.

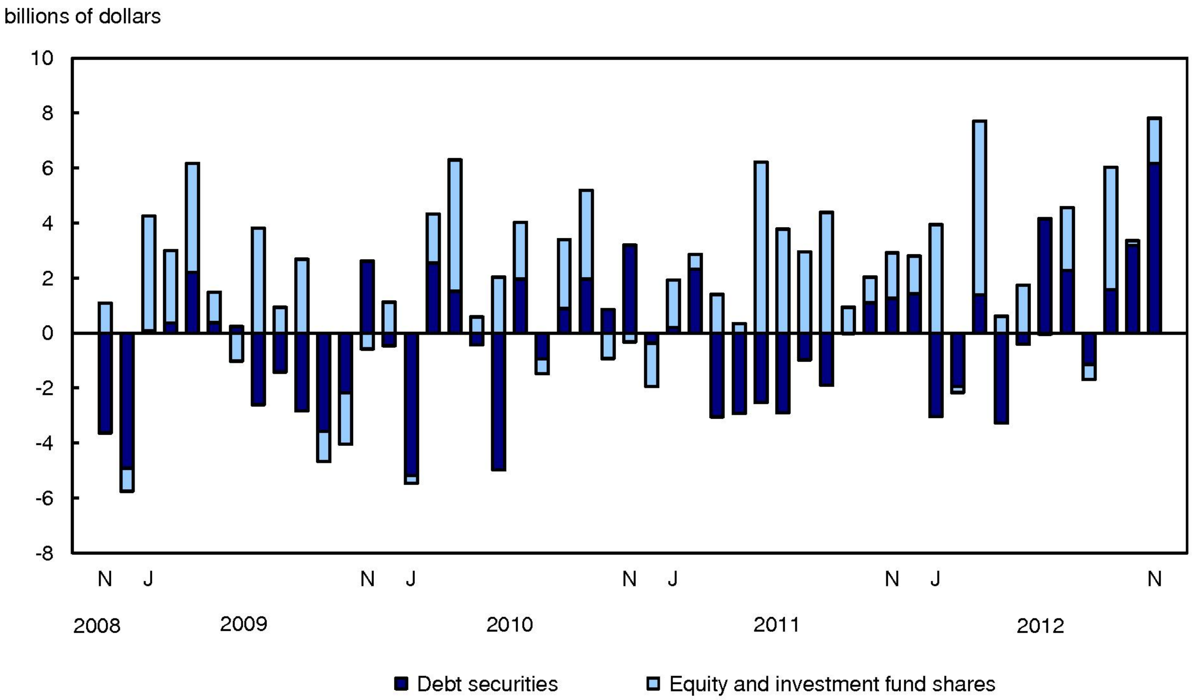
Chart 1
Foreign portfolio investment in Canadian securities



Canadians add US government bonds to their holdings

Acquisitions of foreign debt securities by Canadian investors expanded to $6.2 billion in November. This was the highest investment since March 2007 and the third consecutive monthly acquisition.

Chart 2
Canadian portfolio investment in foreign securities



Activity in November was led by a $5.7 billion record purchase of US government bonds, mostly short-term instruments. This resulted in a net acquisition of US government bonds between January and November 2012, compared with a net divestment for the same period in 2011 when acquisitions were focused on equities.

The Canadian dollar traded above par against the US dollar for a fourth straight month in November, while the long-term interest rate differentials between Canada and United States remained relatively stable.

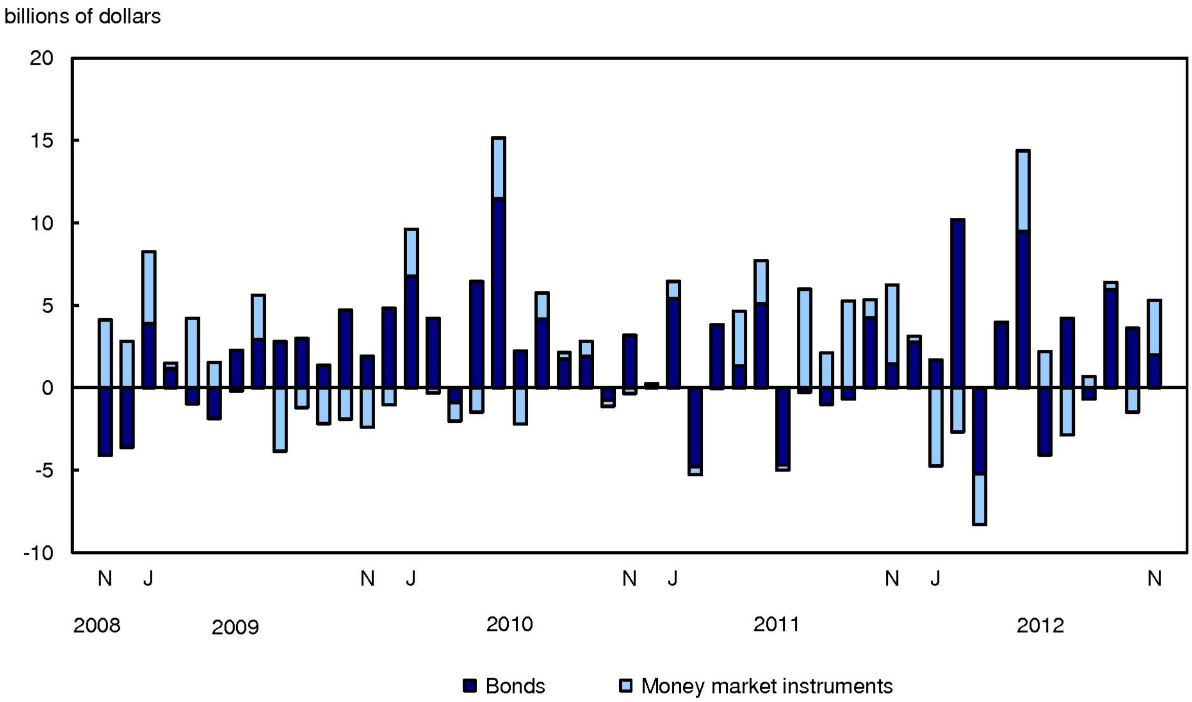
Canadian investment in foreign equities focuses on US stocks

Canadian investors added $1.6 billion of foreign equities to their portfolios in November, all in US shares. Acquisitions were led by demand from pension funds and followed a reduction in holdings of US equities in October. US stock prices edged up 0.3% in November, following a 2.0% decline in October.

Foreign investment in the Canadian debt market slows

Non-residents purchased $5.6 billion of Canadian debt securities in November, the lowest amount since July. Foreign investment in the Canadian money market was $3.8 billion, led by federal Treasury bills. There were also some acquisitions of private corporate paper.

Chart 3
Foreign portfolio investment in federal government debt securities



Foreign investment in Canadian bonds fell to $1.7 billion in November from $15.5 billion in October. Foreign acquisitions of federal bonds slowed for a second month to $2.0 billion, again focusing on short-term bonds. Foreign purchases of corporate bonds were reduced to $2.9 billion, split between federal government enterprise and private corporate bonds. Investments in Canadian bonds were further moderated by a $3.2 billion reduction in foreign holdings of provincial government bonds, mainly because of retirements of US dollar bonds.

Cross-border investment in Canadian shares down for a second straight month

Foreign investment in Canadian equities slowed for a second month, amounting to an inflow of $38 million in November. Canadian share prices declined for the first time since May. On a year-to-date basis, foreign acquisitions of Canadian equities on the secondary market have been reduced considerably, from $15.8 billion in 2011 to $2.2 billion in 2012.

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

	September 2012	October 2012	November 2012	January to November 2011[1]	January to November 2012[1]
	millions of dollars				
Foreign investment in Canadian securities	**15,827**	**12,667**	**5,616**	**89,114**	**85,218**
Debt securities	12,338	12,137	5,579	69,563	77,541
Money market instruments	3,225	-3,353	3,845	28,499	7,832
Governments	609	-3,118	3,282	26,051	-673
Federal government	445	-1,483	3,303	25,396	-3,247
Other governments	164	-1,635	-20	654	2,574
Corporations	2,616	-235	562	2,448	8,505
Government business enterprises	1,139	364	-690	661	336
Private corporations	1,476	-599	1,252	1,787	8,169
Bonds	9,113	15,490	1,734	41,064	69,709
Governments	8,939	8,152	-1,139	22,397	44,082
Federal government	5,940	3,608	2,006	9,969	31,092
Other governments	2,999	4,544	-3,145	12,428	12,989
Corporations	174	7,338	2,872	18,668	25,627
Government business enterprises	-138	-1,588	1,529	7,533	6,451
Private corporations	312	8,926	1,343	11,134	19,176
Equity and investment fund shares	3,489	530	38	19,551	7,678
Canadian investment in foreign securities	**6,028**	**3,363**	**7,813**	**15,527**	**29,344**
Debt securities	1,577	3,185	6,169	-9,349	8,980
Money market instruments	-452	298	-59	-1,118	-717
Bonds	2,029	2,887	6,228	-8,231	9,697
Equity and investment fund shares	4,451	178	1,644	24,876	20,364

1. Cumulative transactions.

Note(s): *In this table, a positive value denotes an increase in investment and a negative value 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 December will be released on February 19.

For more information, contact us (toll-free 1-800-263-1136; 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), Balance of Payments Division.