

Canadian portfolio investment abroad, 2012

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Canadian investors held \$887.3 billion worth of foreign securities at the end of 2012, up 17% compared with 2011. This was the strongest growth observed since the onset of global credit and financial concerns in 2007 and 2008. The increase in 2012 came mainly from a combination of net acquisitions of foreign securities and price gains in all major stock markets during the year.

Equities dominate foreign assets

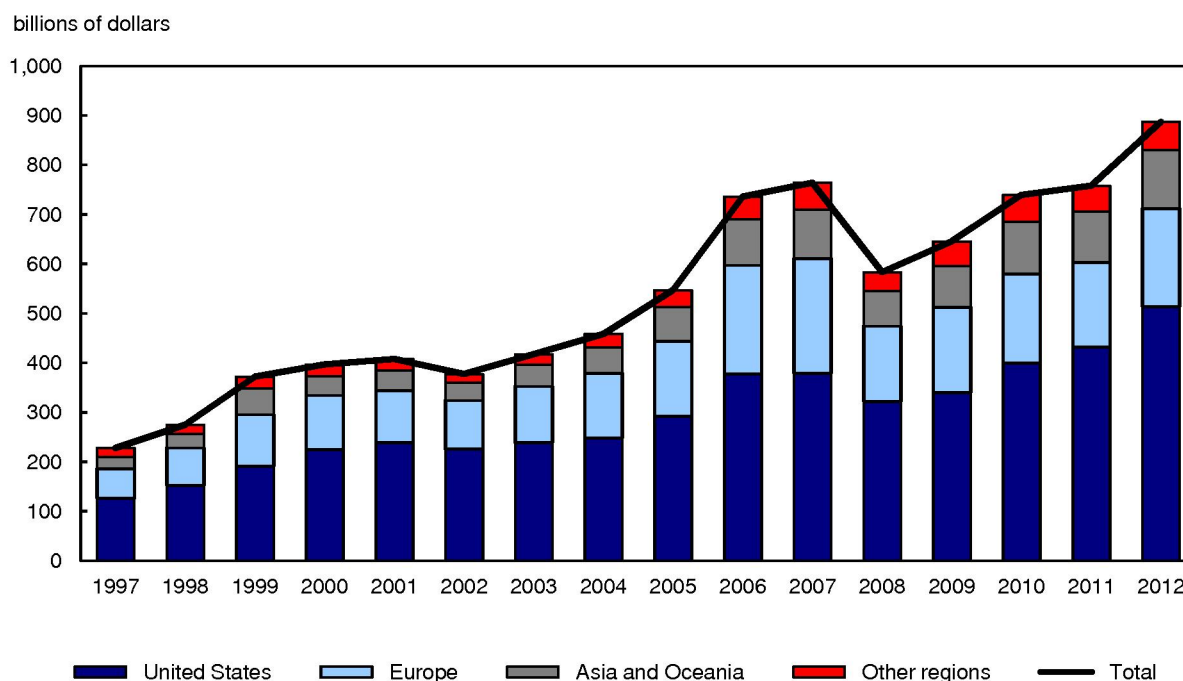
Foreign stocks totalled \$687.3 billion at the end of 2012, accounting for over three-quarters of all holdings of foreign securities. Holdings of foreign debt securities increased 19% to \$200.0 billion.

Canadian investment abroad widespread, led by holdings of US securities

Canadian portfolio investment abroad was spread over 100 countries at the end of 2012 with the most important destinations being the United States, the United Kingdom, Japan, France, Australia and Germany. Together, these countries represented 78% of total Canadian portfolio assets held abroad.

Canadian holdings of US securities were up 19% to \$513.9 billion. This was the largest increase since 2006 and reflected gains in US stock prices as well as net acquisitions of US securities over the year, both equities and debt. This growth was moderated by the appreciation of the Canadian dollar against its US counterpart, resulting in a downward revaluation of these assets.

Chart 1
Canadian holdings of foreign securities, by major geographic area



Holdings of European securities were up 16% to \$198.4 billion at the end of 2012 after a decline in 2011. Investments in all major European countries increased in 2012. Notably, holdings of securities from the United Kingdom and France were up 15% and 20% respectively. Growth in stock markets explained most of the increase.

Canadian holdings of securities from Asia and Oceania recovered, rising 15% in 2012 following a 3% decline in 2011. Holdings in this region are highly concentrated in equity securities and benefited from gains in stock prices, especially for investments in South Korea, Hong Kong and China, which posted strong growth in 2012. Holdings of Japanese securities were stable at \$36.9 billion, against the backdrop of a strong equity market performance and the downward revaluation effect of an appreciating Canadian dollar.

Note to readers

Canadian Portfolio Investment Abroad is an annual survey of Canadian investors of securities that is used to generate a detailed geographical breakdown for holdings of foreign securities. This detailed information is not available at the time of the quarterly international investment position release. However, aggregates of portfolio investment abroad at market values are available as part of the quarterly international investment position release. The current aggregates will be integrated into the international investment position at the time of the third quarter 2014 release in December, in line with the Canadian System of Macroeconomic Accounts revision policy.

Foreign securities cover equity and debt instruments issued by non-residents. Securities denominated in foreign currency are converted to Canadian dollars at year-end. The survey collects information on Canadian holdings of foreign securities at year-end, at market value and broken down by country of issuer. In this context, portfolio investment can be seen as investment undertaken primarily for the sake of investment income or capital gains. This investment excludes cross-border direct investment and reserve assets, which are other components of the international accounts.

Table 1
Market value of Canadian portfolio investment abroad at year-end

	2010	2011	2012	2010 to 2011	2011 to 2012
	millions of dollars			% change	
Geography, total	739,542	758,293	887,303	2.5	17.0
America	446,027	477,956	562,987	7.2	17.8
United States	399,969	432,702	513,946	8.2	18.8
Cayman Islands	11,533	12,240	14,451	6.1	18.1
Brazil	14,153	11,966	12,060	-15.5	0.8
Bermuda	10,199	9,626	10,717	-5.6	11.3
Mexico	3,541	4,559	5,128	28.8	12.5
All other countries in America	6,632	6,863	6,685	3.5	-2.6
Europe	180,084	170,580	198,398	-5.3	16.3
United Kingdom	58,597	60,686	69,620	3.6	14.7
France	23,389	23,031	27,535	-1.5	19.6
Germany	19,714	18,550	20,548	-5.9	10.8
Switzerland	18,663	15,989	17,274	-14.3	8.0
Netherlands	15,512	11,318	11,613	-27.0	2.6
All other countries in Europe	44,210	41,006	51,808	-7.2	26.3
Asia and Oceania	105,478	102,752	118,313	-2.6	15.1
Japan	40,029	36,891	36,922	-7.8	0.1
Australia	19,106	19,473	23,124	1.9	18.7
South Korea	9,197	8,680	11,074	-5.6	27.6
Hong Kong	7,344	8,044	10,449	9.5	29.9
China	6,057	6,287	8,612	3.8	37.0
All other countries in Asia and Oceania	23,746	23,377	28,132	-1.6	20.3
All other countries	7,953	7,005	7,605	-11.9	8.6
Type of securities, total	739,542	758,293	887,303	2.5	17.0
Equity and investment fund shares	577,229	590,735	687,320	2.3	16.3
Debt securities	162,313	167,558	199,983	3.2	19.4

Note(s): Figures may not add up to totals as a result of rounding.

Available in CANSIM: table 376-0064.

Definitions, data sources and methods: survey number 1537.

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