

Canada's international transactions in securities, October 2014

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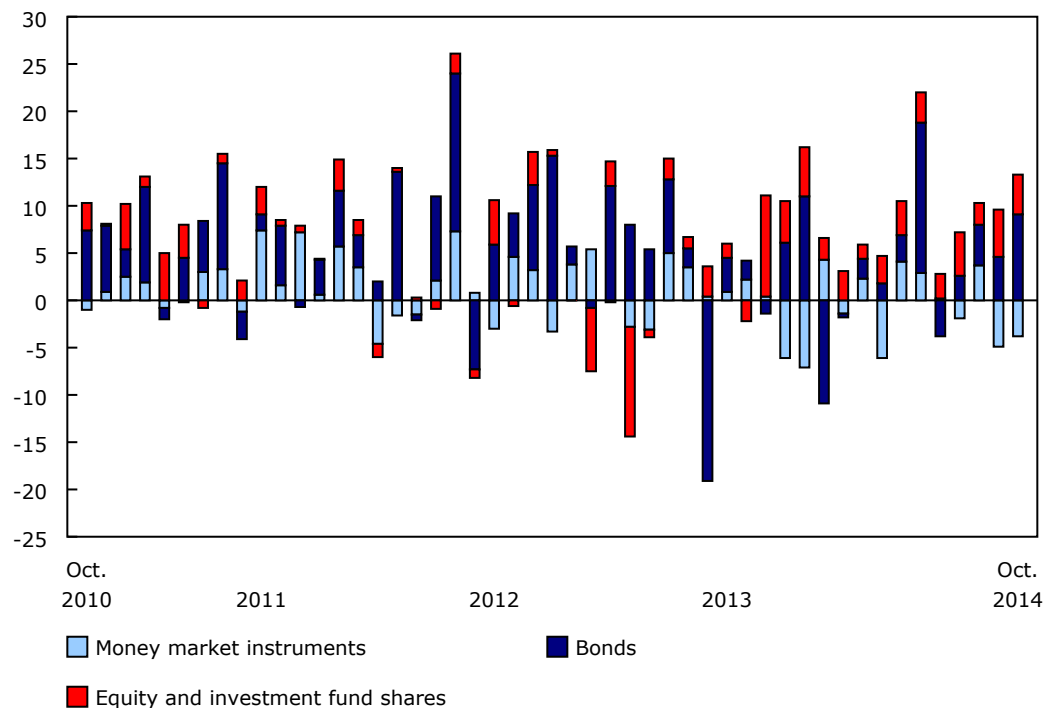
Foreign investment in Canadian securities strengthened to \$9.5 billion in October and included both bonds and equity instruments. At the same time, Canadian investment in foreign securities slowed to \$293 million, down from an \$8.3 billion investment in September. Canada's international transactions in securities resulted in a net inflow of funds into the economy in October, after generating a net outflow of funds in three of the last four months.

Foreign investment in Canadian securities strengthens

Foreign investment in Canadian securities amounted to \$9.5 billion in October, a fourth consecutive month of investment. Non-resident investors continued to add Canadian bonds and equities but reduced their holdings of money market instruments.

Chart 1
Foreign investment in Canadian securities

billions of dollars



Source(s): CANSIM table 376-0131.

Non-residents acquired \$9.1 billion of Canadian bonds, both from the government and corporate sectors. Investment in government bonds was its highest in five months at \$5.6 billion and was led by federal bonds. The remainder of the activity was in corporate bonds, largely new issues from the private corporate sector. Canadian long-term interest rates were down by 15 basis points in October.

Foreign investors withdrew \$3.8 billion of funds from the Canadian money market in October. This reduction occurred mainly in provincial paper, which accounted for a record \$6.6 billion divestment, largely from retirements. Foreign investment in federal Treasury bills moderated this reduction. Canadian short-term interest rates edged down four basis points and the Canadian dollar continued to depreciate against its US counterpart in October.

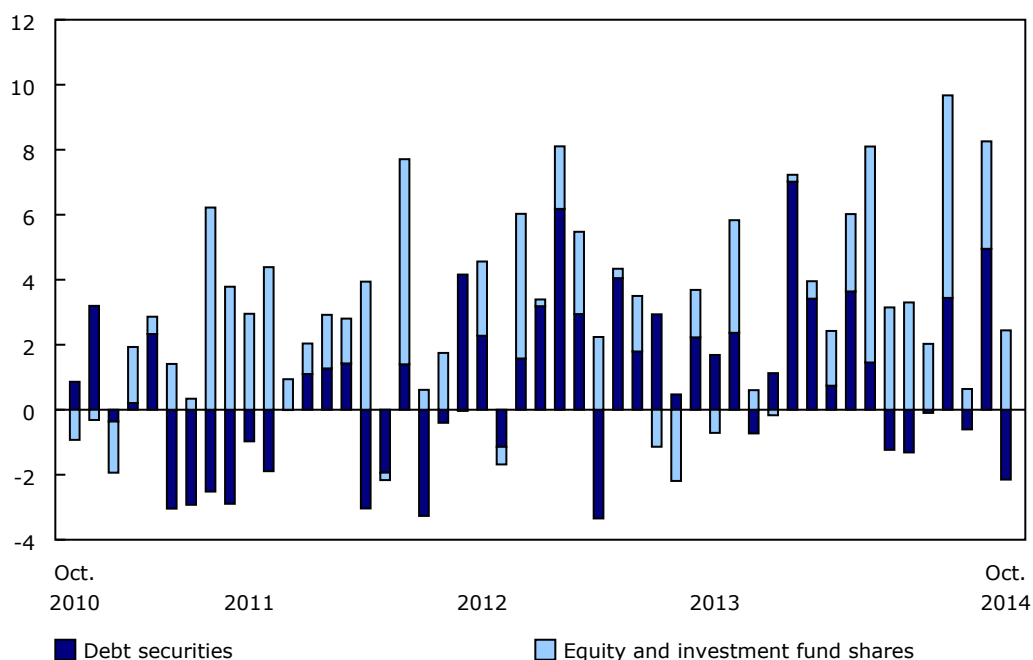
Non-resident investment in Canadian equities was \$4.2 billion in October, marking a 14th straight month of investment. Since the beginning of the year, acquisitions of Canadian equities have totalled \$32.8 billion, three times the amount recorded for the same period in 2013. Canadian stock prices were down 2.3% in October, but up 7.3% compared with December 2013.

Canadian investors adjust their portfolio of foreign securities

Canadian acquisition of foreign securities was \$293 million in October, compared with an \$8.3 billion investment in September. However, activity in October reflected offsetting movements of funds between foreign debt instruments and foreign equities.

Chart 2
Canadian investment in foreign securities

billions of dollars



Source(s): CANSIM table [376-0131](#).

Canadian investors added \$2.4 billion of foreign equities to their holdings in October, largely US shares. For the first time in four months, Canadian investment in US shares exceeded investment in non-US foreign shares. US stock prices were up 2.3% at the end of the month.

Canadian investors reduced their portfolios of foreign debt securities by \$2.1 billion, with holdings of US Treasury bonds down by a record \$7.1 billion. US long-term interest rates were down 23 basis points in the month, the largest such decline in more than two years. At the same time, Canadian investors acquired non-US foreign bonds

and US corporate bonds, moderating the overall debt divestment in the month. More than half of these acquisitions were in Canadian dollar denominated instruments. The acquisition of US corporate bonds was its highest since March 2007.

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. This activity excludes transactions in equity and debt instruments between affiliated enterprises, classified as foreign direct investment in the international accounts.

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

	August 2014	September 2014	October 2014	January to October 2013	January to October 2014
	millions of dollars				
Foreign investment in Canadian securities	10,288	4,637	9,528	38,282	66,878
Debt securities	7,970	-320	5,366	26,920	34,038
Money market instruments	3,675	-4,945	-3,766	285	-4,906
Governments	2,698	-718	-3,885	-5,483	-8,183
Federal government	1,192	-379	2,747	-6,690	-3,498
Other governments	1,506	-339	-6,632	1,207	-4,684
Corporations	977	-4,227	119	5,767	3,275
Government business enterprises	363	-354	-209	1,376	1,461
Private corporations	614	-3,873	329	4,391	1,814
Bonds	4,295	4,625	9,132	26,635	38,945
Governments	2,153	482	5,556	-5,355	3,364
Federal government	482	72	3,660	-3,156	-6,251
Other governments	1,671	410	1,896	-2,197	9,614
Corporations	2,142	4,143	3,576	31,990	35,581
Government business enterprises	2,702	-2,849	649	1,936	10,613
Private corporations	-560	6,992	2,928	30,053	24,969
Equity and investment fund shares	2,318	4,958	4,162	11,361	32,841
Canadian investment in foreign securities	33	8,257	293	18,128	40,628
Debt securities	-605	4,951	-2,149	12,576	8,823
Money market instruments	-861	-789	817	1,781	-45
Bonds	256	5,739	-2,966	10,795	8,868
Equity and investment fund shares	638	3,307	2,442	5,554	31,807

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. Figures may not add up to totals as a result of rounding.

Source(s): CANSIM table [376-0131](#).

Available in CANSIM: tables [376-0131](#) to [376-0138](#).

Definitions, data sources and methods: survey number [1535](#).

Data on Canada's international transactions in securities for November 2014 will be released on January 19, 2015.

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