Canada's international transactions in securities, October 2015

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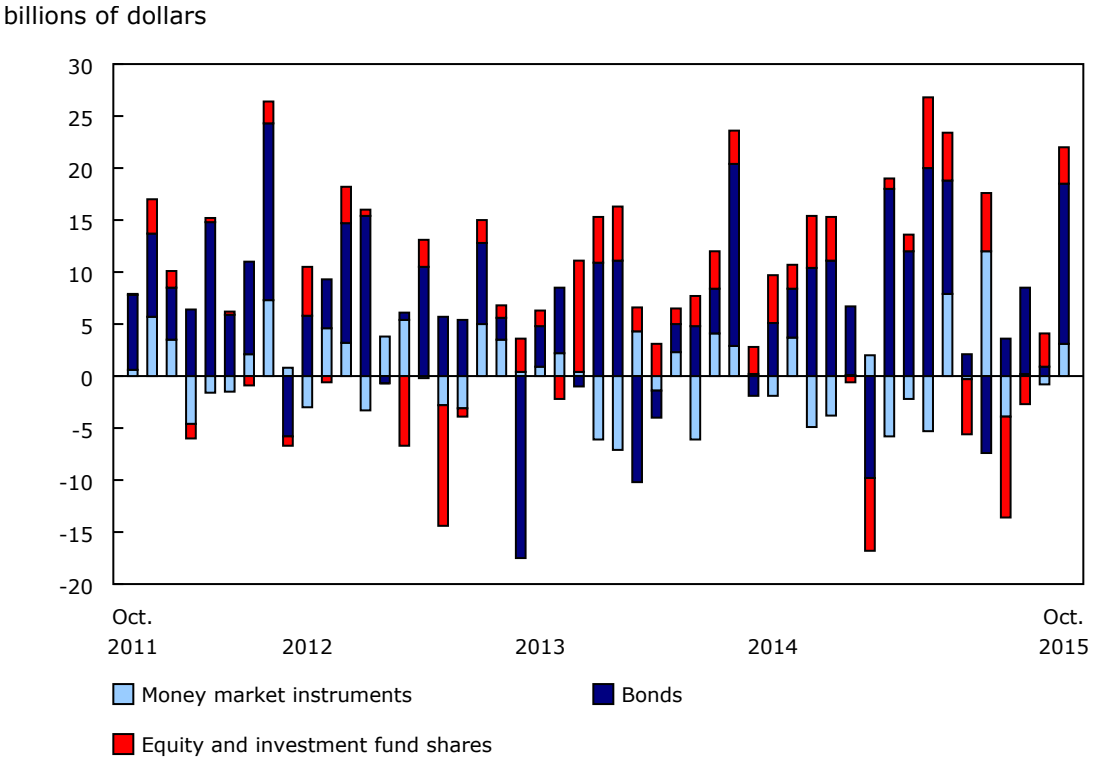
Foreign investors acquired $22.1 billion of Canadian securities in October, marking the highest such investment in six months. At the same time, Canadian investors added $3.2 billion of foreign securities to their holdings, led by non-US foreign bonds.

As a result, Canada's international transactions in securities generated a net inflow of funds into the economy of $18.9 billion in October. This was led by strong foreign acquisitions of Canadian debt securities.

Foreign investment in Canadian securities up significantly

Foreign investment in Canadian securities was up significantly from $3.3 billion in September to $22.1 billion in October. Foreign investors added debt securities to their holdings and, to a lesser extent, equities.

Chart 1
Foreign investment in Canadian securities



Source(s): CANSIM table 376-0131.

Foreign investment in Canadian bonds reached $15.4 billion in October. This was almost evenly split between foreign acquisitions on the secondary market and new issues placed abroad. Activity on the secondary market was mainly in federal government bonds with foreign purchases totalling $7.4 billion. The remainder of the investment activity was in new issues of provincial government and corporate bonds denominated in foreign currencies. Overall, foreign investment in government bonds (all government levels) amounted to $10.2 billion in October, the highest since May 2014.

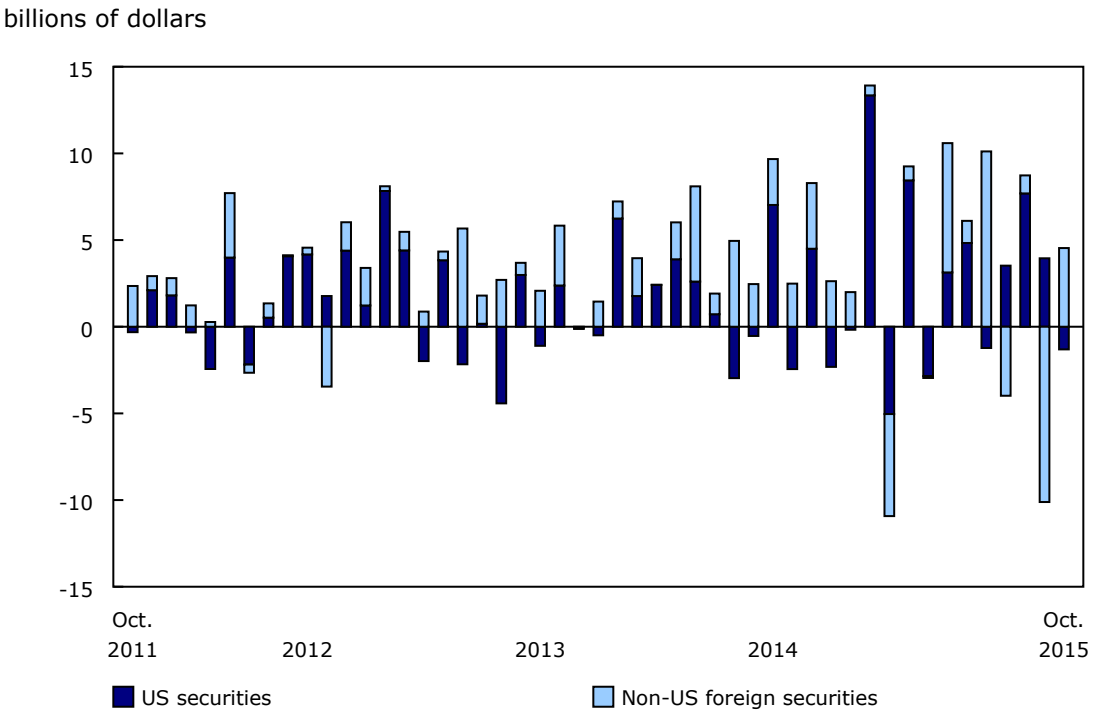
Non-resident investors acquired $3.1 billion of Canadian money market instruments in October. This was led by a record purchase of $5.6 billion in private corporate paper, which more than offset the divestment in these instruments over the previous two months. This activity was moderated by a reduction in foreign holdings of provincial government paper and federal government business enterprise paper. Canadian short-term interest rates edged down, while long-term rates were up marginally in the month.

Foreign investors acquired Canadian shares for a second straight month, adding $3.5 billion worth to their holdings in October. Foreign investment in Canadian equities were modest from January to October, totalling $8.7 billion compared with $32.8 billion for the same period in 2014. Canadian stock prices increased by 1.7% in October after five consecutive monthly declines. Since December 2014, the Canadian stock market has lost 7.5%. The Canadian dollar appreciated against the US dollar by 1.5 US cents in October.

Canadian acquisitions of foreign securities resume

Canadian investors resumed their purchases of foreign securities by adding $3.2 billion to their holdings in October, following a $6.2 billion divestment in September. This involved some portfolio adjustments into debt instruments rather than equity and investments in non-US instruments, in contrast to movements of funds into US securities during the third quarter.

Chart 2
Canadian investment in foreign securities, by region of issue

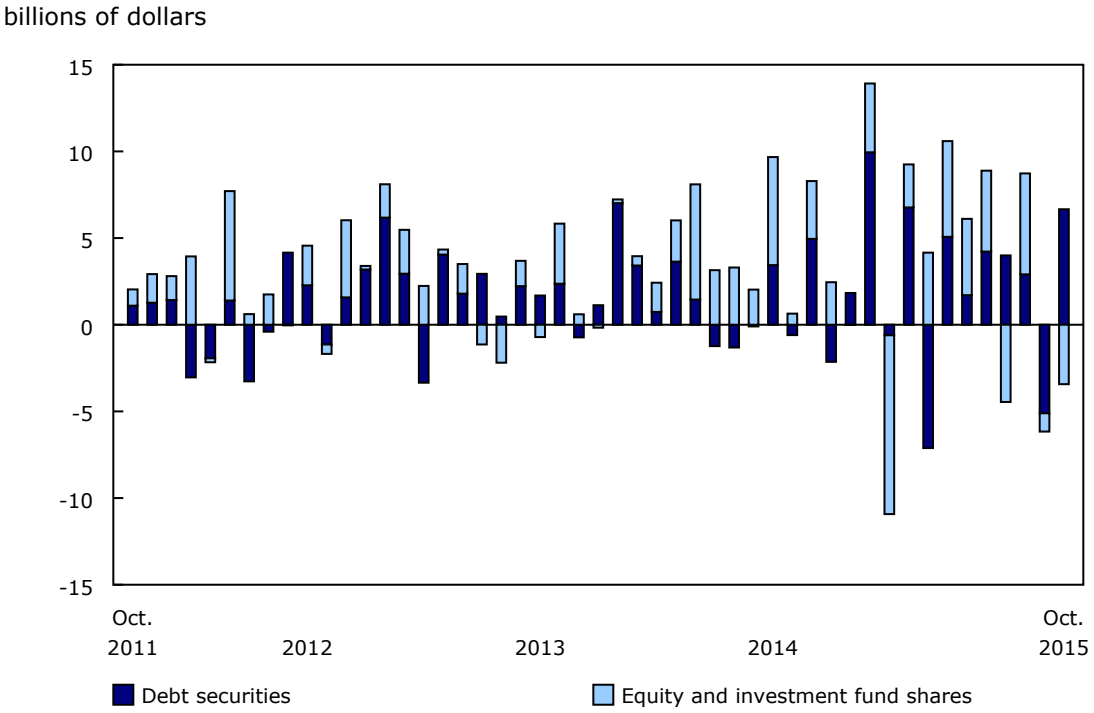


Source(s): CANSIM table 376-0131.

Canadian holdings of foreign bonds increased by $7.3 billion, marking the largest such investment so far in 2015. A record investment of $5.1 billion in non-US foreign bonds almost offset the sales of these instruments in September. In addition, Canadian acquisitions of US corporate bonds were $1.8 billion. US long-term interest rates were down by 10 basis points in the month.

Canadian investors reduced their holdings of foreign equities by $3.4 billion in October, a second consecutive month of divestment. Canadian investors sold $3.0 billion of US shares and $423 million of non-US foreign shares in the month. US stock prices were up by 8.3% in October.

Chart 3
Canadian investment in foreign securities



Source(s): CANSIM table 376-0131.

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.

Next release

Data on Canada's international transactions in securities for November 2015 will be released on January 19, 2016.

Table 1
Canada's international transactions in securities

	August 2015	September 2015	October 2015	January to October 2014	January to October 2015
	millions of dollars				
Foreign investment in Canadian securities	**5,782**	**3,345**	**22,084**	**84,062**	**97,525**
Debt securities	8,521	130	18,544	51,215	88,858
Money market instruments	249	-766	3,105	-4,914	5,038
Governments	2,240	147	-251	-8,183	-5,086
Federal government	2,290	-272	1,456	-3,498	-2,919
Other governments	-50	420	-1,708	-4,684	-2,168
Corporations	-1,991	-913	3,356	3,267	10,126
Government business enterprises	-888	2,132	-2,219	1,461	-472
Private corporations	-1,102	-3,045	5,575	1,805	10,599
Bonds	8,272	896	15,439	56,131	83,818
Governments	1,385	-4,756	10,233	5,024	25,146
Federal government	1,395	-1,876	7,427	-4,588	33,794
Other governments	-11	-2,880	2,806	9,614	-8,647
Corporations	6,887	5,652	5,206	51,107	58,670
Government business enterprises	3,273	737	2,577	10,613	17,764
Private corporations	3,614	4,915	2,629	40,495	40,908
Equity and investment fund shares	-2,739	3,214	3,540	32,845	8,666
Canadian investment in foreign securities	**8,730**	**-6,165**	**3,232**	**40,687**	**26,297**
Debt securities	2,906	-5,108	6,662	8,841	18,497
Money market instruments	-620	-595	-650	-45	-1,823
Bonds	3,526	-4,514	7,312	8,887	20,321
Equity and investment fund shares	5,823	-1,056	-3,430	31,847	7,800

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.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; **STATCAN.infostats-infostats.STATCAN@canada.ca**).

To enquire about the concepts, methods or data quality of this release, contact Lauren Dong (613-668-3140; **lauren.dong@canada.ca**), International Accounts and Trade Division.