

Canada's international transactions in securities, December 2015

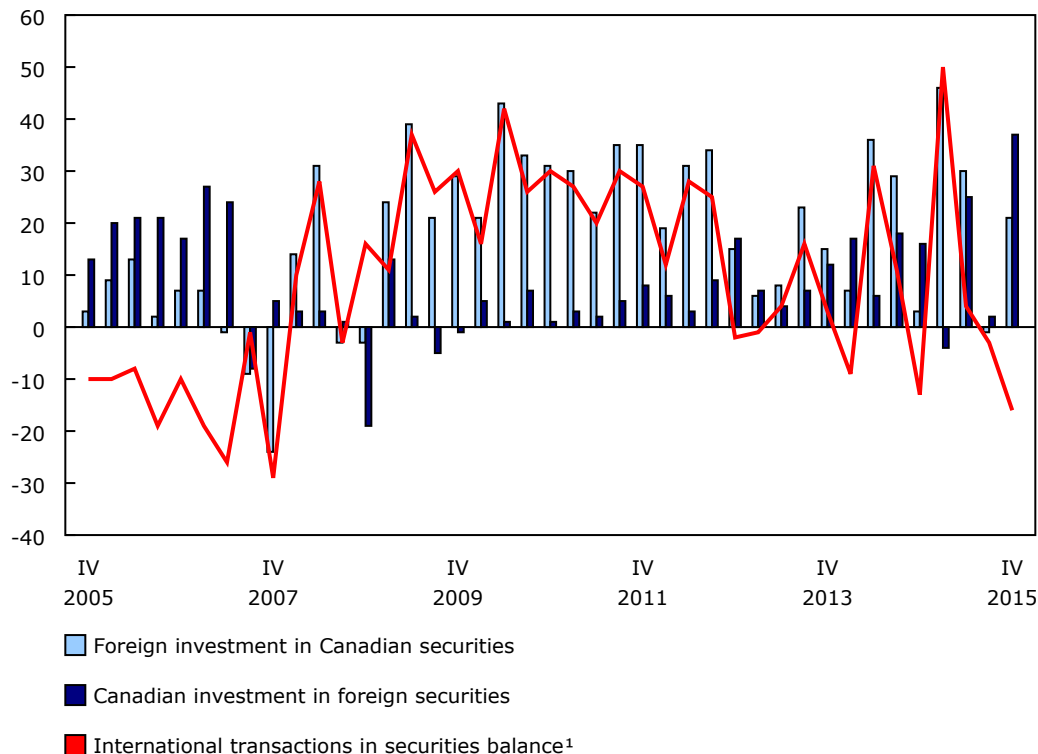
Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, February 17, 2016

Canadian investors acquired \$17.4 billion of foreign securities in December, a second consecutive month of strong investment abroad. Meanwhile, foreign investors reduced their holdings of Canadian securities by \$1.4 billion, led by federal government debt securities.

In the fourth quarter, Canada's international transactions in securities posted a net outflow of funds from the economy of \$16.5 billion. In contrast, portfolio investment generated a net inflow of funds to the Canadian economy of \$35.2 billion for 2015 as a whole, led by significant foreign investments in Canadian securities in the first half of the year.

Chart 1
Canada's international transactions in securities, quarterly

billions of dollars



1. A positive value denotes a net inflow of funds and a negative value denotes a net outflow of funds.
Source(s): CANSIM table [376-0132](#).

Canadian investment in foreign securities remains strong

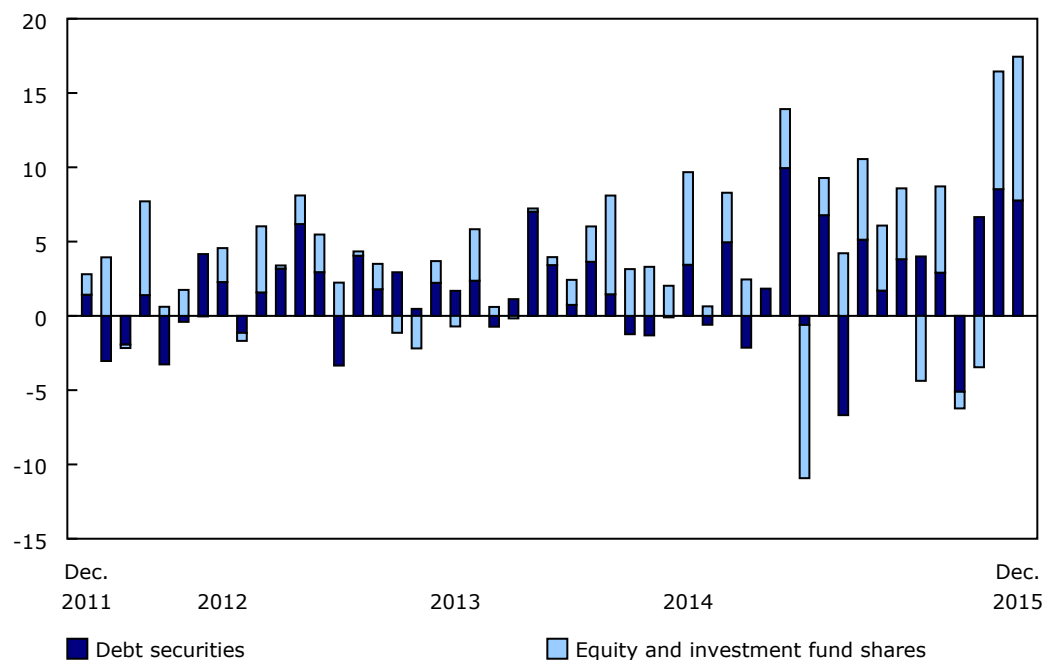
Canadian investors acquired a high of \$17.4 billion in foreign securities in December, following similarly strong investment activity in November. On a quarterly basis, Canadian investment in foreign securities amounted to \$37.1 billion in the fourth quarter, also a record investment.

Canadian investors added \$9.7 billion of foreign equities to their portfolios in December, mainly non-US foreign shares. This was the largest monthly acquisition of these instruments by Canadians since December 2000. Most major foreign equity markets declined in December, with US stock prices down 1.8%.

Canadian acquisitions of foreign debt securities totalled \$7.8 billion in December, and were largely in US bonds. Canadians purchased \$3.4 billion of US corporate bonds, the highest such investment since March 2007. Holdings of US Treasury bonds were up by \$3.0 billion in December, following strong investments in these instruments in November. US long-term interest rates declined slightly, while US short-term rates increased by 10 basis points in December.

Chart 2
Canadian investment in foreign securities

billions of dollars



Source(s): CANSIM table 376-0131.

Reduced foreign holdings of federal government debt securities

Non-resident investors reduced their holdings of Canadian securities by \$1.4 billion in December, the first monthly decline since July. This divestment occurred in Canadian bonds, as foreigners acquired short-term debt and equity instruments during the month.

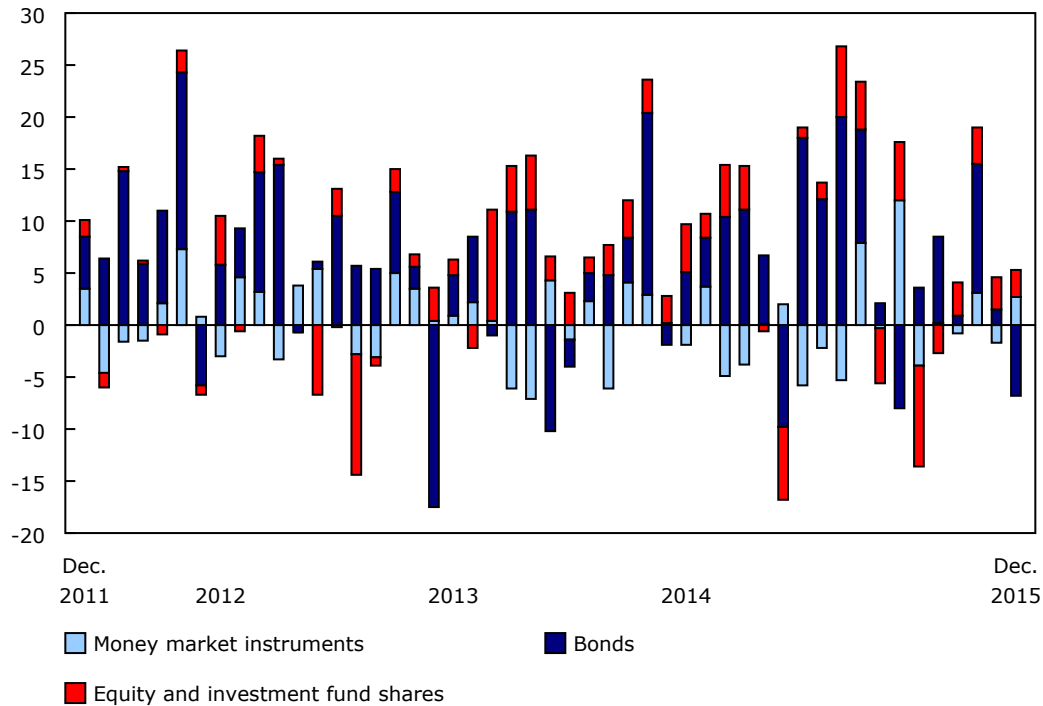
Foreign investors reduced their holdings of Canadian bonds by \$6.8 billion in December; this included a \$10.0 billion divestment in Canadian dollar-denominated instruments. Foreign holdings of federal government bonds were reduced by \$5.2 billion, as retirements exceeded secondary market purchases. The remainder of the divestment activity was in municipal government and federal government business enterprise bonds. Foreign acquisitions of Canadian private corporate bonds moderated the overall divestment activity. Canadian long-term interest rates were down by 19 basis points in the month.

Non-resident investment in the Canadian money market totalled \$2.7 billion in December. Most of the foreign acquisitions were in provincial and corporate paper, while non-residents reduced their holdings of federal Treasury bills during the month. Canadian short-term interest rates were up slightly in December.

Foreign investment in Canadian equities was \$2.6 billion in December, down slightly from the previous month. Canadian stock prices were down 3.4% during the month and the Canadian dollar depreciated against its US counterpart by 2.6 US cents.

Chart 3
Foreign investment in Canadian securities

billions of dollars



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 January will be released on March 16.

Table 1
Canada's international transactions in securities

	October 2015	November 2015	December 2015	2014	2015
	millions of dollars				
Foreign investment in Canadian securities	19,080	2,939	-1,409	75,388	95,523
Debt securities	15,533	-186	-4,031	50,171	81,135
Money market instruments	3,105	-1,717	2,736	-2,755	6,057
Governments	-251	-1,002	831	-6,998	-5,257
Federal government	1,456	643	-2,217	-6,776	-4,493
Other governments	-1,708	-1,645	3,049	-221	-764
Corporations	3,356	-715	1,905	4,242	11,316
Government business enterprises	-2,219	-680	949	1,897	-203
Private corporations	5,575	-35	955	2,344	11,519
Bonds	12,428	1,531	-6,767	52,927	75,078
Governments	9,427	904	-5,248	2,600	19,299
Federal government	7,426	480	-5,207	-6,087	28,369
Other governments	2,000	424	-42	8,689	-9,071
Corporations	3,001	627	-1,519	50,326	55,779
Government business enterprises	1,231	-60	-3,115	11,592	13,243
Private corporations	1,770	687	1,596	38,736	42,536
Equity and investment fund shares	3,548	3,125	2,622	25,215	14,386
Canadian investment in foreign securities	3,193	16,450	17,445	56,427	60,303
Debt securities	6,649	8,528	7,769	20,622	34,871
Money market instruments	-650	315	67	-87	-1,441
Bonds	7,299	8,213	7,702	20,710	36,312
Equity and investment fund shares	-3,457	7,922	9,675	35,807	25,429

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](#) and [376-0145 to 376-0147](#).

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.