

Canada's international transactions in securities, May 2016

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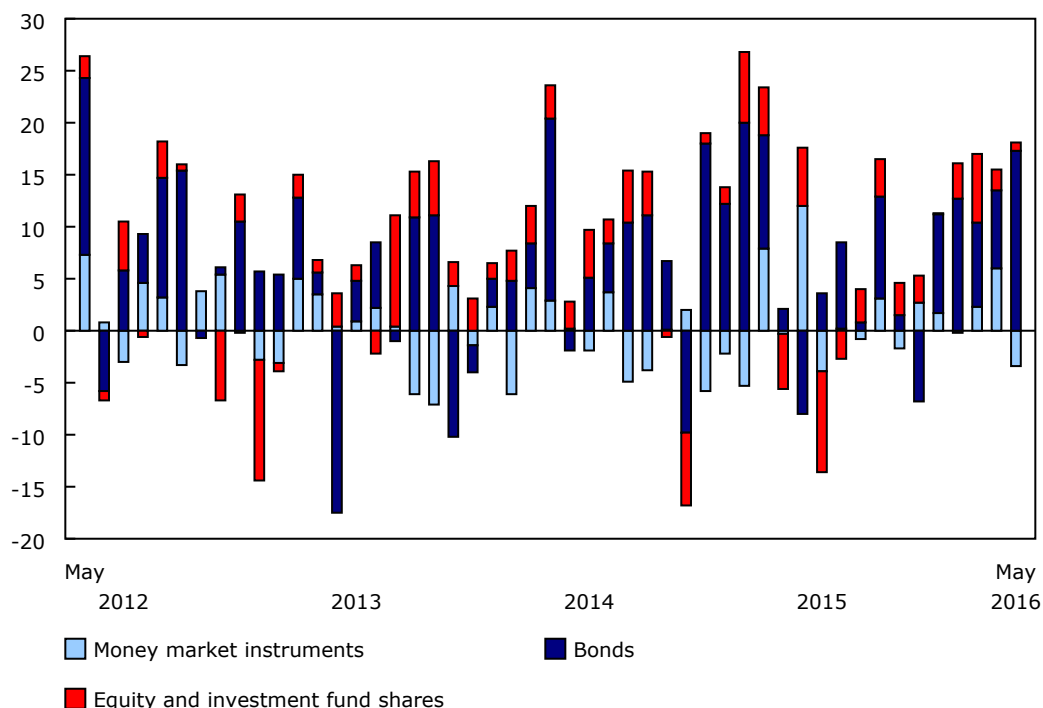
Foreign investment in Canadian securities remained high at \$14.7 billion in May, led by acquisitions of federal government bonds on the secondary market. At the same time, Canadian investors added \$5.1 billion of foreign securities to their holdings, mainly equities.

Foreign investment in Canadian securities focuses on bonds

Foreign investors continued to invest in Canadian securities at a strong pace in May, adding \$14.7 billion to their holdings. This activity was on par with the average investment recorded in the previous four months. Foreign investment during the month focused on Canadian bonds. Since the beginning of the year, foreign acquisitions of Canadian securities have totalled \$74.6 billion, compared with \$66.2 billion for the same period in 2015.

Chart 1
Foreign investment in Canadian securities

billions of dollars



Source(s): CANSIM table 376-0131.

Foreign investment in Canadian bonds totalled \$17.3 billion in May, the largest investment since March 2015. Foreign investors acquired \$9.8 billion of federal government bonds, mainly secondary market purchases of Canadian dollar denominated instruments. Foreign investors also added \$5.4 billion of federal government enterprises bonds to their holdings, principally new issues. In addition, foreign investment in Canadian private corporate bonds amounted to \$2.6 billion, a seventh consecutive month of investment in these instruments. Canadian long-term interest rates were down 12 basis points in May.



Foreign investors reduced their holdings of Canadian money market instruments by \$3.4 billion in May, following strong acquisitions in April. The reduction was mainly in provincial and corporate paper denominated in foreign currencies. Canadian short-term interest rates edged down, and the Canadian dollar depreciated against its US counterpart by 3.4 US cents in May.

Foreign investment in Canadian equities slowed in May, as foreign investors added \$819 million of Canadian shares to their portfolios. Acquisitions on the secondary market were moderated by a divestment resulting from cross-border merger and acquisition activities, as foreign portfolio investors rendered Canadian shares to foreign direct investors during the month. Canadian stock prices were up 0.8% in May.

Canadian investment in foreign equities reaches a high in 2016

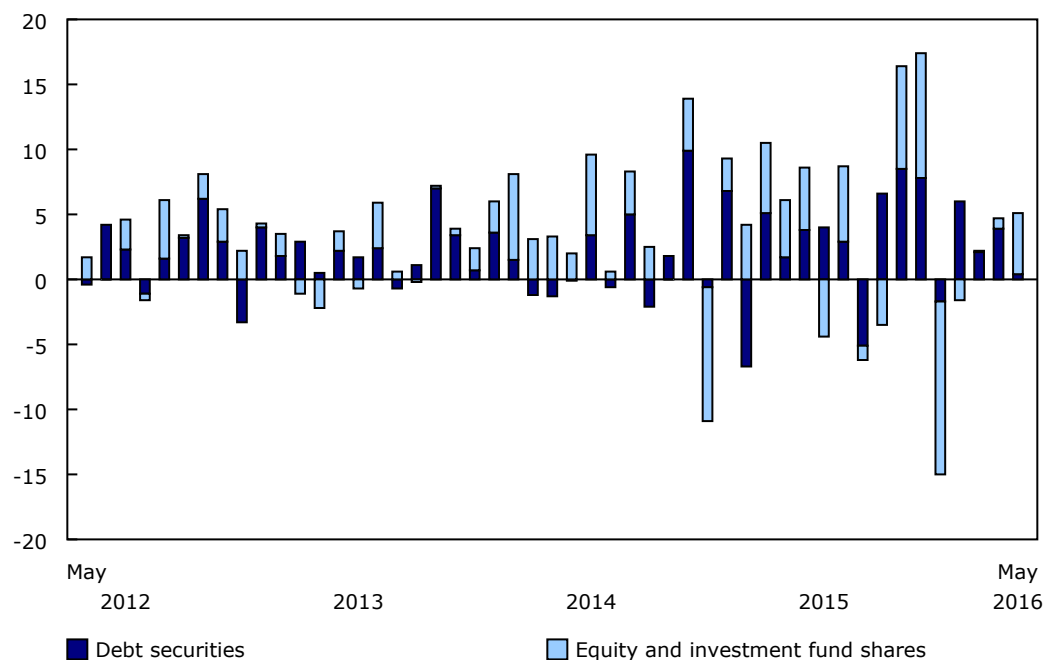
Canadian investors acquired \$5.1 billion of foreign securities in May, a fourth straight month of investment. The bulk of the investment was in the form of equities and targeted the US stock market.

Canadian acquisitions of foreign shares totalled \$4.7 billion, the highest monthly investment recorded so far in 2016. Canadian investment in US equities reached \$3.1 billion, the largest investment since November 2015. US stock prices were up 1.5% in May.

Canadian investment in foreign debt securities slowed to \$350 million in May, reflecting offsetting movements of funds between US and non-US foreign debt securities. Canadian investors increased their holdings of US bonds by \$3.0 billion, led by US Treasury bonds. Meanwhile, they reduced their exposures to non-US foreign bonds by \$2.9 billion, the largest such reduction since September 2015.

Chart 2
Canadian investment in foreign securities

billions of dollars



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

Note to readers

The data series on international transactions in securities covers 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, which are 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 June will be released on August 18.

Table 1
Canada's international transactions in securities

	March 2016	April 2016	May 2016	January to May 2015	January to May 2016
	millions of dollars				
Foreign investment in Canadian securities	17,045	15,517	14,733	66,229	74,643
Debt securities	10,396	13,494	13,914	57,455	61,627
Money market instruments	2,316	6,043	-3,377	-5,686	6,546
Governments	-3,065	4,891	-842	-6,943	-2,026
Federal government	-4,057	1,876	105	-4,401	-1,711
Other governments	993	3,014	-947	-2,542	-315
Corporations	5,381	1,152	-2,535	1,259	8,573
Government business enterprises	2,112	706	-1,944	-955	1,816
Private corporations	3,269	447	-591	2,214	6,757
Bonds	8,079	7,451	17,291	63,140	55,079
Governments	-2,990	2,400	9,381	22,348	23,639
Federal government	-2,079	601	9,834	22,492	18,804
Other governments	-911	1,799	-453	-143	4,834
Corporations	11,069	5,051	7,910	40,791	31,440
Government business enterprises	1,109	-791	5,290	9,081	8,061
Private corporations	9,960	5,842	2,620	31,711	23,379
Equity and investment fund shares	6,650	2,022	819	8,773	13,015
Canadian investment in foreign securities	2,266	4,670	5,054	12,519	1,421
Debt securities	2,126	3,866	350	6,314	10,604
Money market instruments	-342	192	228	692	-763
Bonds	2,469	3,674	122	5,622	11,368
Equity and investment fund shares	140	804	4,704	6,205	-9,184

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](#).

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