

Canada's international transactions in securities, August 2016

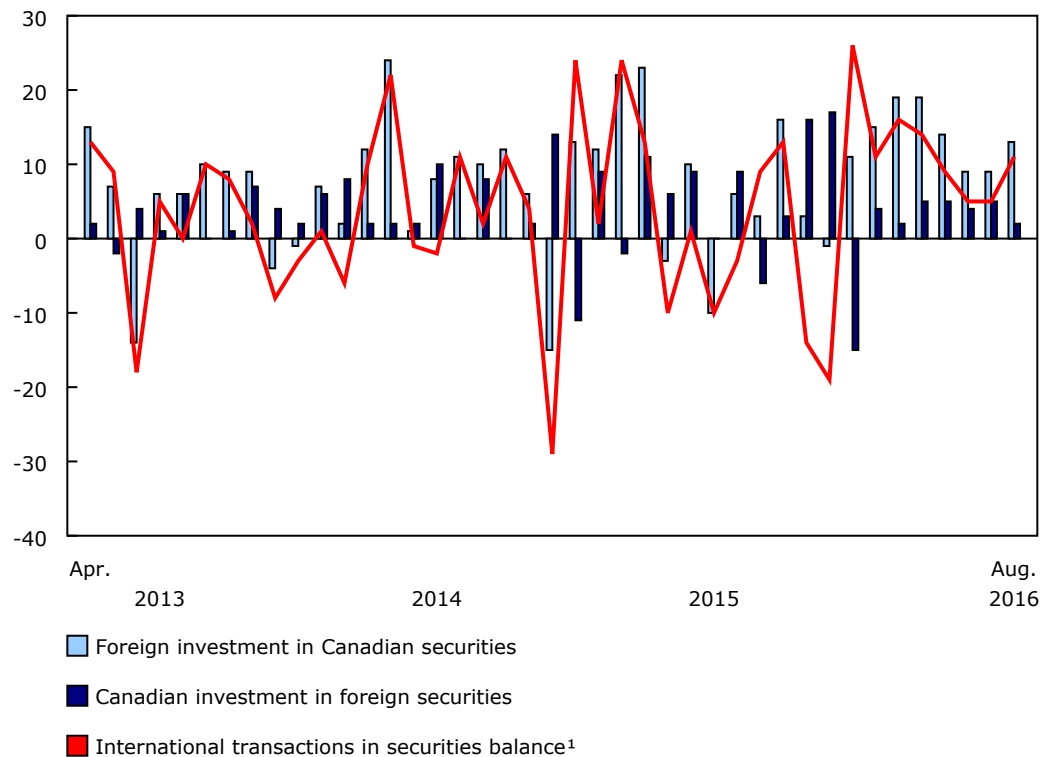
Released at 8:30 a.m. Eastern time in *The Daily*, Monday, October 17, 2016

Foreign investment in Canadian securities totalled \$12.7 billion in August, led by acquisitions of Canadian bonds on the secondary market. At the same time, Canadian investment in foreign securities slowed to \$1.6 billion. This resulted in a net inflow of funds of \$11.1 billion into the Canadian economy in the month.

This activity marked the eight straight month of net inflow of funds in Canada's international transactions in securities. Since the beginning of the year, foreign investment in Canadian securities has exceeded Canadian investment in foreign securities by \$96.9 billion.

Chart 1
Canada's international transactions in securities

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 [376-0131](#).

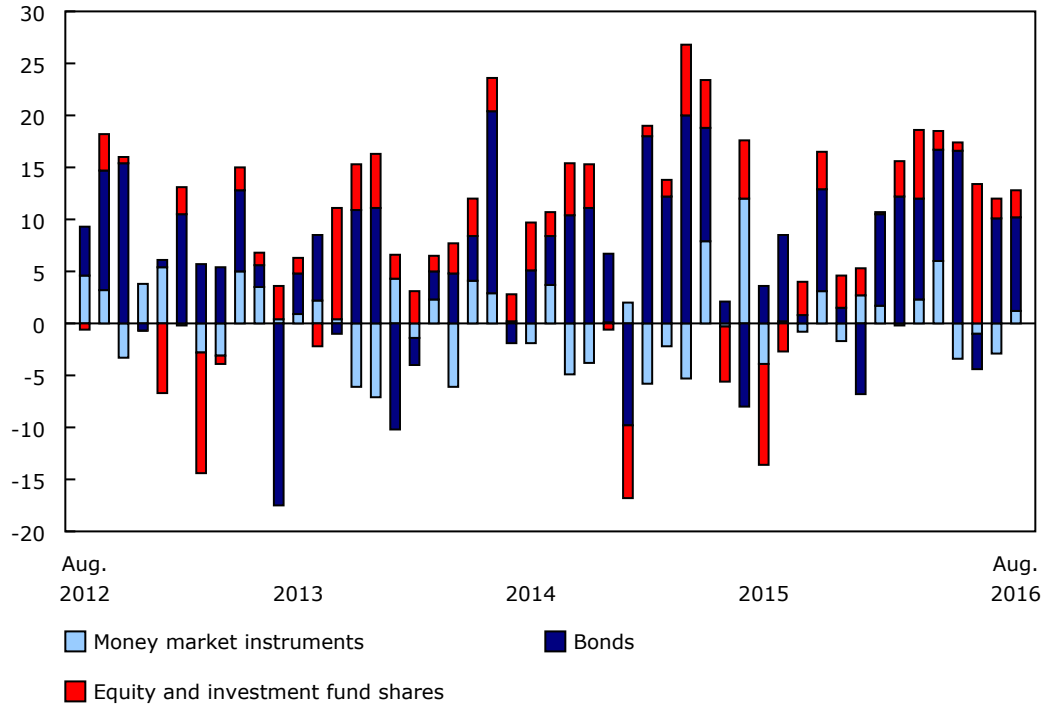
Foreign investment in Canadian securities focuses on bonds

Foreign investment in Canadian securities was \$12.7 billion in August, led by acquisitions of Canadian bonds. Foreign investors acquired Canadian securities in each of the first eight months of 2016.



Chart 2
Foreign investment in Canadian securities

billions of dollars



Source(s): CANSIM table 376-0131.

Foreign acquisitions of Canadian bonds totalled \$9.0 billion in August and were mainly secondary market purchases. On a sector basis, foreign acquisitions of corporate bonds were \$6.9 billion, almost evenly split between government business enterprise bonds and private corporate bonds. Foreign investors also acquired \$1.7 billion of provincial government bonds during the month, largely new issues denominated in foreign currencies. Foreign investment in federal government bonds was moderate at \$254 million in August, as strong secondary market purchases were partially offset by large retirements. Canadian long-term interest rates were down by five basis points and the Canadian dollar depreciated by less than one US cent against its US counterpart in the month.

Non-resident investors resumed their acquisitions of Canadian money market instruments by adding \$1.2 billion to their holdings in August, following three consecutive months of divestment. Acquisitions of federal government paper by non-residents were the main contributor, totalling \$947 million, the largest investment in four months. Canadian short-term interest rates edged down in the month.

Foreign investment in Canadian equities was \$2.6 billion in August, up slightly from the previous month. This was the 12th consecutive month of foreign acquisitions of Canadian shares. Canadian stock prices edged up 0.1% in the month.

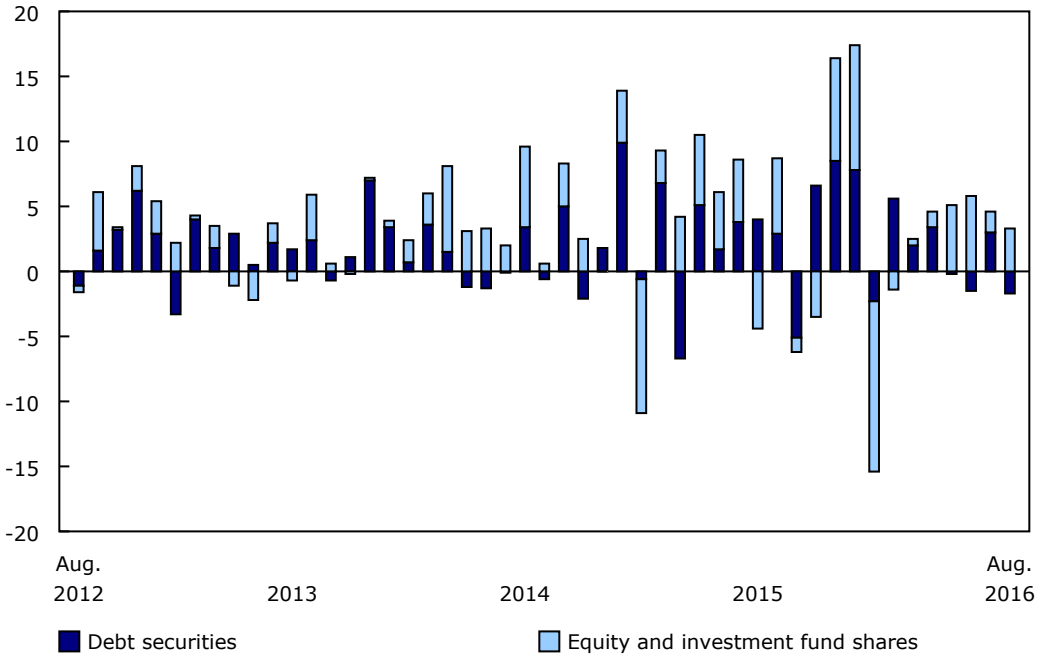
Canadian acquisitions of foreign securities slow

Canadian investors acquired \$1.6 billion of foreign securities in August, down from \$4.6 billion in July. Canadian investment in foreign equities was \$3.3 billion and included both US and non-US foreign shares. US stock prices edged down 0.1% in the month.

Canadian investors reduced their holdings of foreign debt securities by \$1.7 billion in August. The reduction was mainly in non-US foreign bonds, as Canadian investors sold \$2.3 billion of these instruments. This was the fourth consecutive monthly divestment in non-US foreign bonds, with holdings declining \$7.6 billion over that period. Canadian acquisitions of US corporate bonds moderated the overall divestment in August. US long-term interest rates were up by six basis points in the month.

Chart 3
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 September will be released on November 17.

Table 1
Canada's international transactions in securities

	June 2016	July 2016	August 2016	January to August 2015	January to August 2016
	millions of dollars				
Foreign investment in Canadian securities	8,963	9,097	12,743	71,663	108,144
Debt securities	-4,452	7,216	10,139	69,746	77,427
Money market instruments	-1,024	-2,909	1,165	2,699	3,778
Governments	-602	-2,957	731	-4,982	-4,854
Federal government	-1,180	-1,127	947	-4,103	-3,071
Other governments	578	-1,831	-216	-880	-1,784
Corporations	-422	49	433	7,683	8,633
Government business enterprises	-59	-827	-119	-385	811
Private corporations	-363	876	552	8,069	7,822
Bonds	-3,428	10,124	8,974	67,046	73,648
Governments	-6,281	5,925	2,026	19,010	25,359
Federal government	-8,111	4,781	254	27,584	15,775
Other governments	1,830	1,144	1,773	-8,573	9,581
Corporations	2,854	4,199	6,948	48,035	48,291
Government business enterprises	-4,236	1,603	3,875	14,450	9,303
Private corporations	7,090	2,597	3,073	33,585	38,990
Equity and investment fund shares	13,415	1,881	2,604	1,916	30,715
Canadian investment in foreign securities	4,281	4,589	1,600	29,444	11,226
Debt securities	-1,527	2,989	-1,669	17,033	8,201
Money market instruments	-408	524	-181	-578	-828
Bonds	-1,119	2,465	-1,488	17,611	9,028
Equity and investment fund shares	5,808	1,601	3,269	12,410	3,026

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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