

Canada's international transactions in securities, September 2016

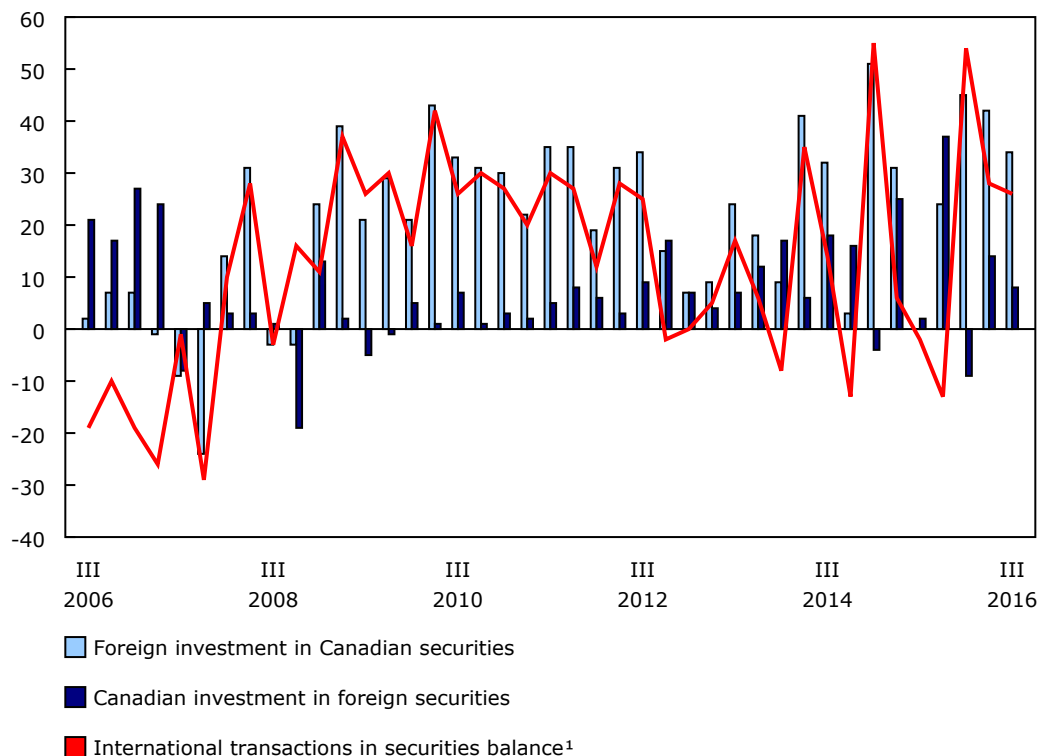
Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, November 17, 2016

Foreign investment in Canadian securities amounted to \$11.8 billion in September. New issues of bonds placed abroad by Canadian private corporations accounted for the bulk of this activity. At the same time, Canadian investment in foreign securities was \$1.8 billion, led by acquisitions of non-US foreign shares.

As a result, international transactions in securities generated a net inflow of funds of \$10.0 billion into the Canadian economy in September for a total of \$25.6 billion in the third quarter. This followed a \$27.8 billion inflow of funds in the second quarter. As was the case in the first two quarters of the year, inflows in the third quarter mostly resulted from foreign acquisitions of new bonds issued by Canadian corporations.

Chart 1
Canada's international transactions in securities, quarterly

billions of dollars



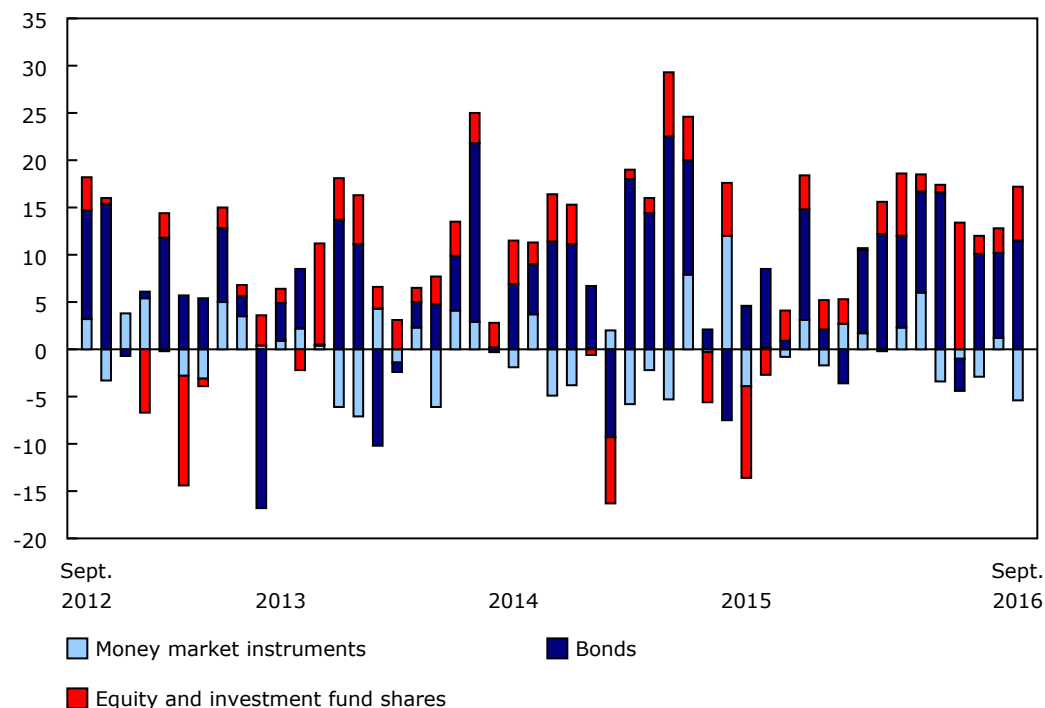
1. A positive value denotes a net inflow of funds and a negative value denotes a net outflow of funds.
Source(s): CANSIM table [376-0132](#).

Foreign investment in Canadian securities focuses on corporate instruments

Foreign investment in Canadian securities remained strong in September with foreign investors adding \$11.8 billion worth to their holdings. From January to September, foreign investment in Canadian securities totalled \$119.9 billion, compared with \$82.4 billion for the same period in 2015. Most of this increase reflected higher foreign investment in Canadian equities, mainly resulting from cross-border mergers and acquisitions activity.

Chart 2 Foreign investment in Canadian securities

billions of dollars



Source(s): CANSIM table 376-0131.

Foreign acquisitions of Canadian bonds reached \$11.5 billion in September, following a \$9.0 billion investment in August. Foreign investors added \$13.2 billion of corporate bonds to their holdings in the month, mainly new issues of private corporate bonds denominated in foreign currencies. A foreign divestment of \$1.7 billion in Canadian government bonds moderated the overall investment activity in the month. Canadian long-term interest rates were down by four basis points in September, while the value of the Canadian dollar was almost unchanged compared with the US dollar.

Non-resident investors withdrew \$5.4 billion of funds from the Canadian money market in September, the largest decline since January 2015. A reduction in foreign holdings of private corporate paper and federal government business enterprises paper accounted for most of the divestment. Canadian short-term interest rates were unchanged in the month.

Foreign investors acquired \$5.7 billion of Canadian equities in September, marking a 13th straight month of investment activity. Purchases on the secondary market accounted for the bulk of this activity. Canadian stock prices edged up in September, and overall have increased by 13.2% since the end of December 2015.

Canadian investors purchase foreign shares, but sell foreign debt securities

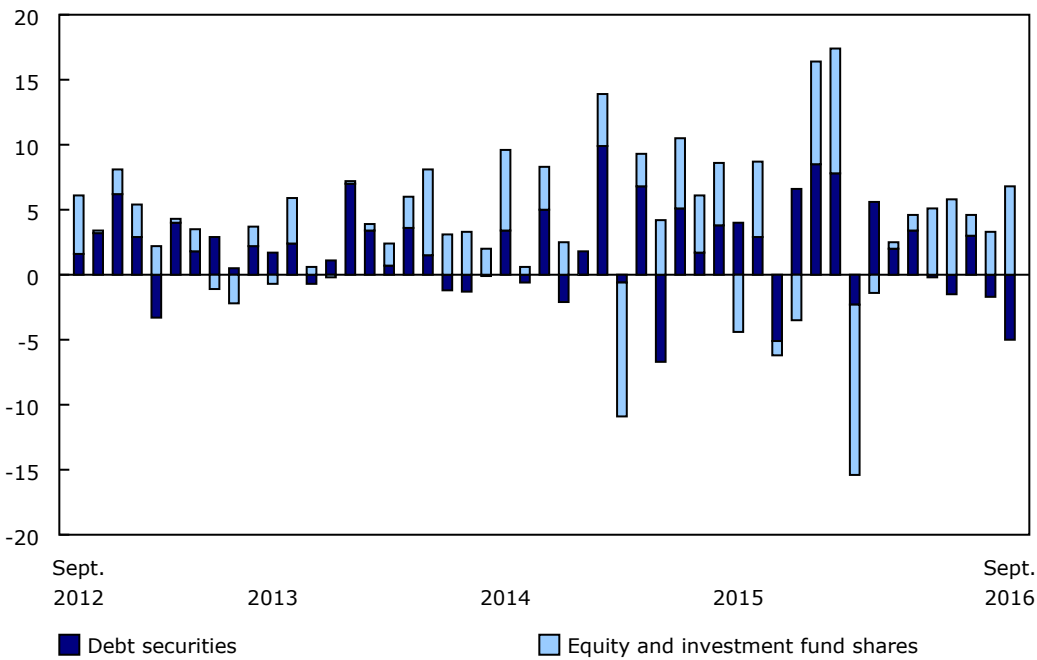
Canadian investment in foreign securities edged up to reach \$1.8 billion in September. Investors adjusted their portfolios, acquiring equities but reducing their holdings of debt securities.

Canadian investors acquired \$6.8 billion of foreign equities in September. Canadian acquisitions of non-US foreign shares reached \$8.6 billion, while Canadian holdings of US shares were down in the month. The investment in non-US shares was the largest recorded since December 2000. Most major foreign equity markets declined in September.

On the other hand, Canadian investors reduced their holdings of foreign debt securities by \$5.0 billion in September, following a \$1.7 billion divestment in August. Sales of both US government bonds and non-US foreign bonds contributed to the decline in these holdings. US long-term interest rates were up by seven basis points in September.

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 October will be released on December 16.

Table 1
Canada's international transactions in securities

	July 2016	August 2016	September 2016	January to September 2015	January to September 2016
	millions of dollars				
Foreign investment in Canadian securities	9,098	12,747	11,773	82,368	119,921
Debt securities	7,216	10,143	6,085	77,278	83,516
Money market instruments	-2,909	1,165	-5,399	1,933	-1,621
Governments	-2,957	731	-159	-4,835	-5,013
Federal government	-1,127	947	-167	-4,375	-3,238
Other governments	-1,831	-216	8	-460	-1,776
Corporations	49	433	-5,240	6,770	3,393
Government business enterprises	-827	-119	-1,522	1,747	-711
Private corporations	876	552	-3,718	5,024	4,104
Bonds	10,125	8,978	11,484	75,343	85,136
Governments	5,925	2,025	-1,689	14,729	23,668
Federal government	4,781	254	268	26,182	16,043
Other governments	1,144	1,772	-1,957	-11,452	7,624
Corporations	4,200	6,953	13,173	60,614	61,468
Government business enterprises	1,603	3,875	2,107	15,187	11,410
Private corporations	2,597	3,078	11,066	45,428	50,058
Equity and investment fund shares	1,881	2,604	5,688	5,091	36,403
Canadian investment in foreign securities	4,589	1,600	1,807	23,215	13,033
Debt securities	2,989	-1,669	-5,024	11,925	3,177
Money market instruments	524	-181	352	-1,173	-476
Bonds	2,465	-1,488	-5,376	13,098	3,652
Equity and investment fund shares	1,601	3,269	6,831	11,289	9,857

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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