

Canadian portfolio investment abroad, 2016

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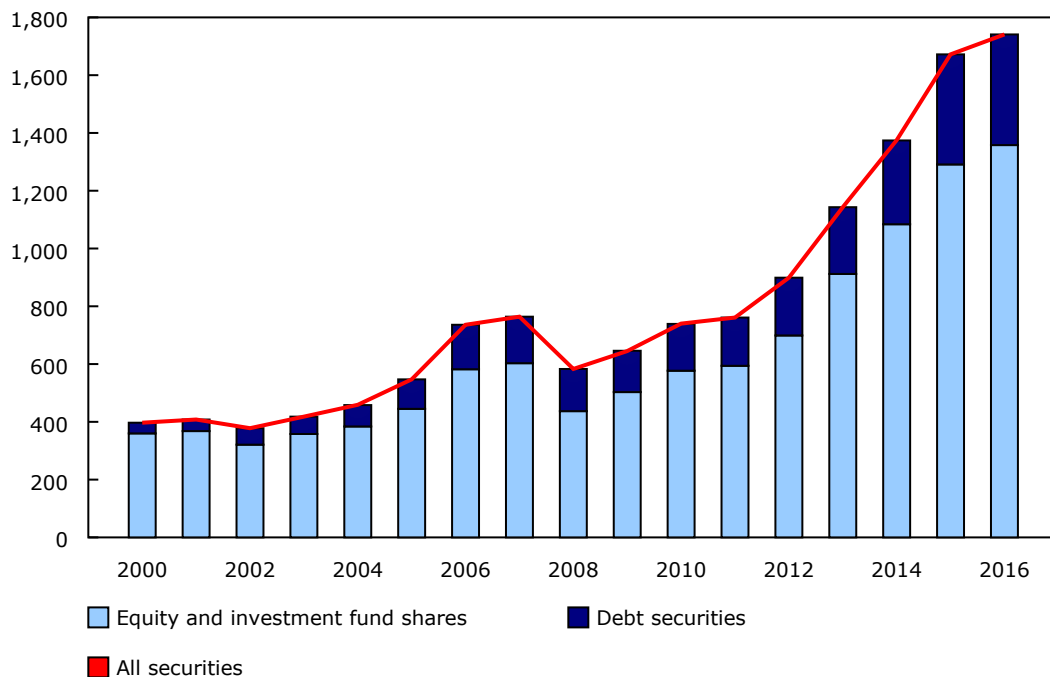
Canadian holdings of foreign securities increased by 4.2% to \$1,741.4 billion at the end of 2016. However, this growth was well below the strong gains recorded in each of the previous four years. Canadian portfolio investment abroad accounted for 40% of Canada's total international assets at the end of 2016, compared with a 25% share 20 years ago.

Higher foreign stock prices and, to a lesser extent, acquisitions of \$13.8 billion of foreign securities by Canadian investors in 2016 contributed to the increase. The downward revaluation effect of an appreciating Canadian dollar against most major foreign currencies moderated the overall growth in the value of these assets.

The Canadian dollar appreciated by 3.1% against the US dollar, 6.1% against the euro, 23.2% against the British pound and 0.1% against the Japanese yen in 2016.

Chart 1
Canadian holdings of foreign securities

billions of dollars



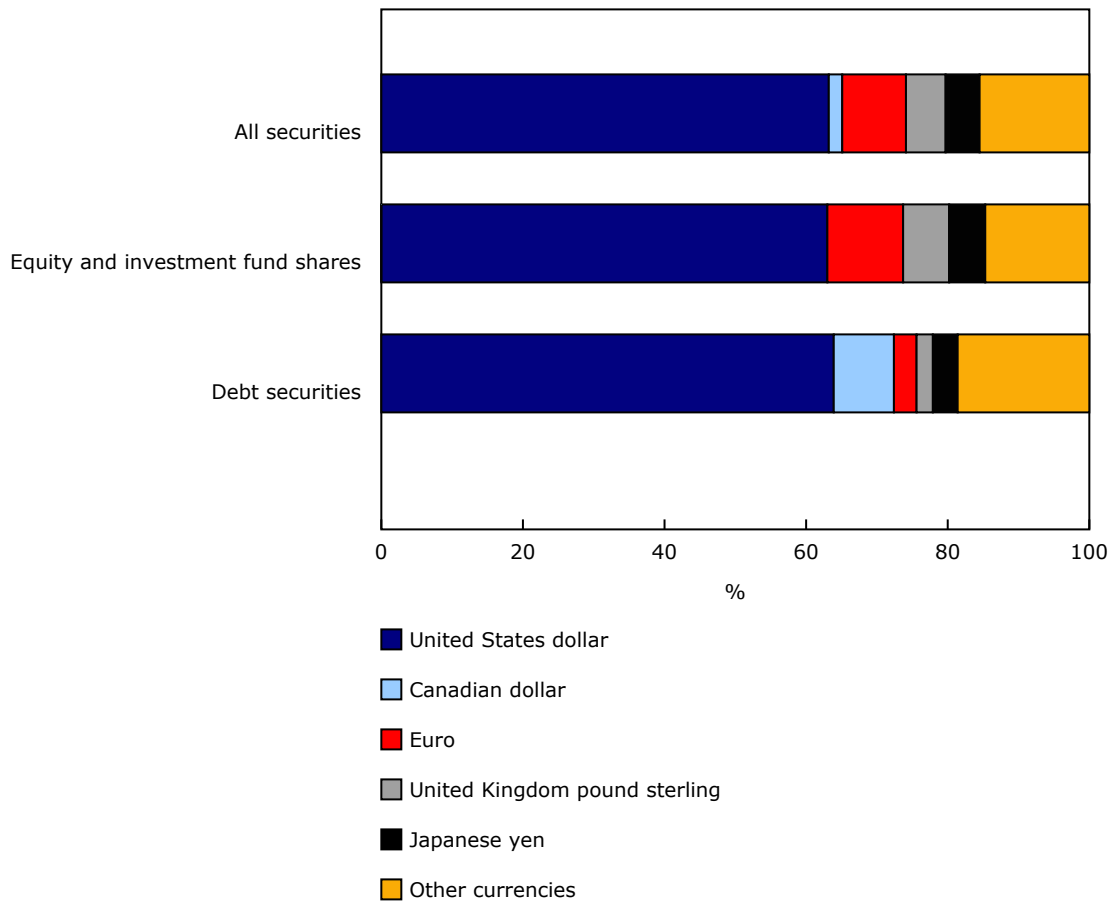
Source(s): CANSIM table [376-0064](#).

On an instrument basis, holdings of foreign equities were up \$67.3 billion to \$1,358.3 billion, accounting for 78% of total holdings of foreign securities at the end of 2016. This share has been relatively stable since 2009. At the same time, Canadian holdings of foreign debt instruments edged up by \$2.5 billion to \$383.1 billion in 2016, following a \$90.2 billion increase in 2015.

The majority of portfolio investment assets were denominated in US dollars at the end of 2016. More precisely, 63% of Canadian investors' holdings were in securities denominated in US dollars, while 9% were in euros and 6% in British pounds. Canada's portfolio assets are therefore strongly influenced by changes in the value of the Canadian dollar against foreign currencies, mainly the US dollar.



Chart 2
Currency composition of Canadian portfolio investment assets, 2016



Note(s): Other currencies include securities for which the currency is unallocated.
Source(s): CANSIM table 376-0068.

Canadian portfolio investment abroad led by holdings of US securities

On a geographical basis, the United States remains the top investment destination for Canadian portfolio investors. Canadian holdings of US securities increased by 6.3% to \$1,065.3 billion at the end 2016. Most of this gain was in the form of equities and mainly resulted from higher stock prices. US stock prices were up by 9.4% in the year. Canadian investors had 61% of their portfolio invested in US securities at the end of 2016, compared with a 50% share in 2007 just prior the financial crisis.

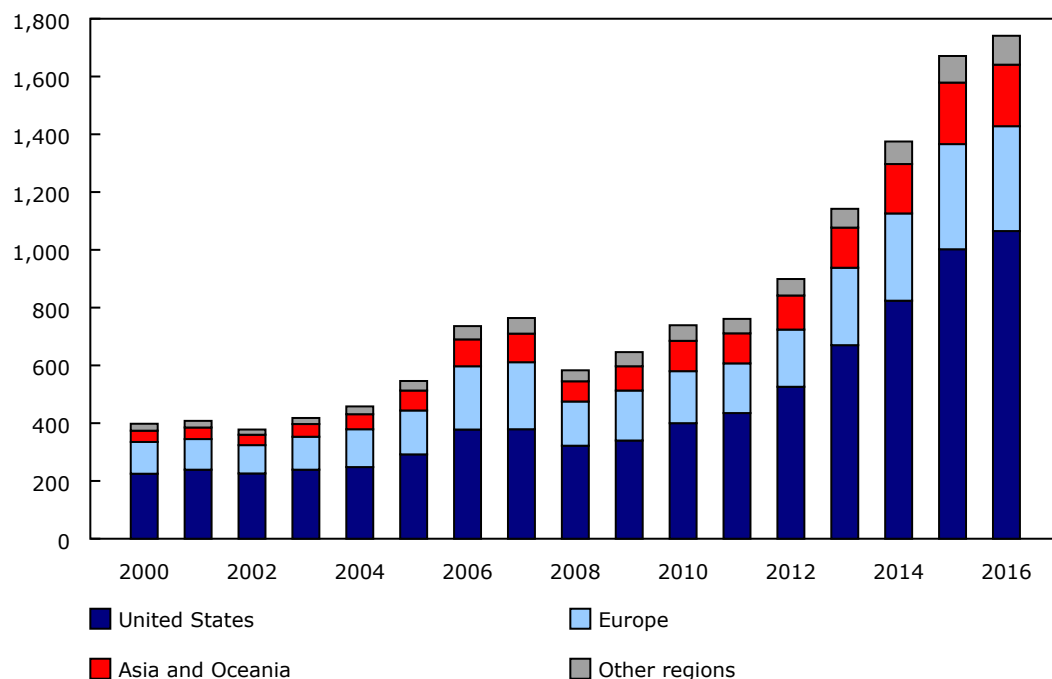
Holdings of European securities edged down to \$362.7 billion at the end of 2016. The downward revaluation effect of an appreciating Canadian dollar against the British pound resulted in a 3.8% decline to \$103.4 billion in holdings of UK securities in 2016. Portfolio assets in other major European countries rose in 2016, notably Germany (+8.8%).

At the same time, holdings of securities from Asia and Oceania edged up to \$213.1 billion. Growth in the value of Canadian investors' holdings in most major countries in this region was moderated by a decline in holdings of Chinese securities in the year, mainly from lower equity prices.

Canadian portfolio investment abroad was spread over more than 100 countries at the end of 2016. However, the top three destinations (United States, United Kingdom and Japan) represented over 70% of total Canadian portfolio assets abroad.

Chart 3
Canadian holdings of foreign securities, by major geographic area

billions of dollars



Source(s): CANSIM table [376-0064](#).

Note to readers

Data in this release are based on an annual survey of Canadian investors of securities that is used, along with other sources, to generate a detailed geographical breakdown for holdings of foreign securities.

Foreign securities cover equity and debt instruments issued by non-residents. Securities denominated in foreign currency are converted to Canadian dollars at year end. The survey collects information on Canadian holdings of foreign securities at year-end, at market value and broken down by country of issue. In this context, portfolio investment can be seen as investment undertaken primarily for the sake of investment income or capital gains. This investment excludes cross-border direct investment and reserve assets, which are other components of the international accounts.

Table 1
Market value of Canadian portfolio investment abroad at year end

	2013	2014	2015	2016	2015 to 2016
	millions of dollars				% change
Geography, total	1,142,726	1,374,791	1,671,560	1,741,407	4.2
America	728,179	893,070	1,083,508	1,154,463	6.5
United States	670,040	823,698	1,002,436	1,065,258	6.3
Cayman Islands	19,946	26,230	36,383	38,302	5.3
Bermuda	10,825	10,312	12,441	13,337	7.2
Brazil	12,630	13,385	10,137	15,852	56.4
Mexico	6,774	8,154	8,818	8,420	-4.5
All other countries in America	7,964	11,291	13,293	13,294	0.0
Europe	268,037	302,199	364,026	362,716	-0.4
United Kingdom	89,877	96,273	107,483	103,440	-3.8
France	37,085	38,588	44,366	44,716	0.8
Germany	33,166	33,071	43,864	47,712	8.8
Switzerland	24,247	29,047	34,934	32,308	-7.5
Netherlands	16,737	19,586	25,241	26,270	4.1
All other countries in Europe	66,925	85,634	108,138	108,270	0.1
Asia and Oceania	139,247	170,664	212,920	213,148	0.1
Japan	48,640	59,071	78,271	80,925	3.4
Australia	24,604	25,564	26,768	28,076	4.9
China	13,503	19,058	22,981	18,461	-19.7
South Korea	14,292	16,662	19,360	19,801	2.3
India	6,263	10,209	13,601	13,712	0.8
All other countries in Asia and Oceania	31,945	40,100	51,939	52,173	0.5
All other countries	7,263	8,858	11,106	11,080	-0.2
Type of securities, total	1,142,726	1,374,791	1,671,560	1,741,407	4.2
Equity and investment fund shares	911,521	1,084,327	1,290,937	1,358,273	5.2
Debt securities	231,205	290,464	380,623	383,134	0.7

Note(s): Figures may not add up to totals as a result of rounding.

Source(s): CANSIM table [376-0064](#).

Available in CANSIM: tables [376-0064](#), [376-0067](#) and [376-0068](#).

Definitions, data sources and methods: survey number [1537](#).

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