

Canada's international transactions in securities, September 2017

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Foreign investment in Canadian securities totalled \$16.8 billion in September, up from \$9.8 billion in August. At the same time, Canadian investment in foreign securities slowed to \$2.4 billion in September, after reaching \$12.1 billion in August.

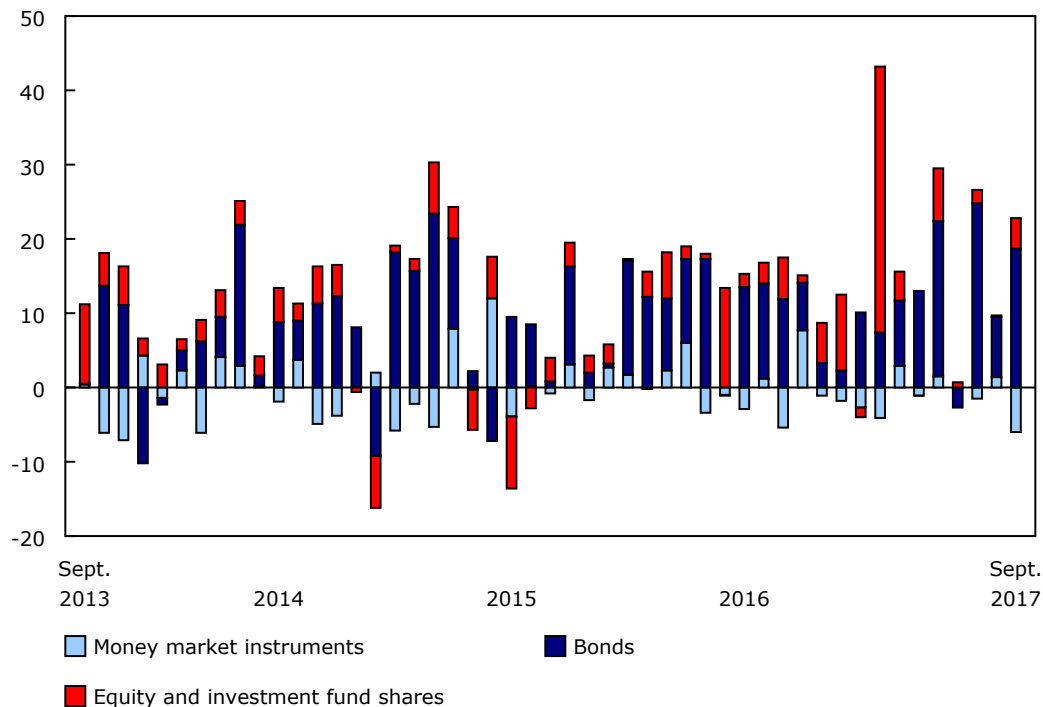
As a result, international transactions in securities generated a net inflow of funds of \$14.4 billion in the Canadian economy in September, for a total of \$39.6 billion in the third quarter. This activity was led by strong acquisitions of Canadian bonds.

Foreign investment in Canadian bonds remains strong

Foreign investment in Canadian securities increased to \$16.8 billion in September, from an investment of \$9.8 billion in August. The bulk of the inflows targeted the Canadian bond market in the month. Foreign acquisitions of Canadian securities reached \$51.6 billion in the third quarter, led by record foreign acquisitions of federal government bonds.

Chart 1
Foreign investment in Canadian securities

billions of dollars



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

Non-resident acquisitions of Canadian bonds reached \$18.7 billion in September. Secondary market purchases of federal government bonds, mainly bonds with short-term maturities, contributed the most to the investment activity. In addition, non-resident investors added \$2.8 billion of federal government business enterprises bonds and \$5.9 billion of private corporate bonds to their holdings.

Canadian long-term interest rates were up by 29 basis points in September. The Bank of Canada raised its benchmark overnight interest rate by 25 basis points to 1% in September, the second such increase in the quarter. Meanwhile, the Canadian dollar appreciated slightly against its US counterpart in the month.

Foreign investors reduced their holdings of Canadian money market instruments by \$6.0 billion in September, the largest decline since March 2014. A reduction in foreign holdings of federal government paper accounted for most of the divestment, reflecting some movement of funds from short to longer term investments during the month, and more generally over the quarter. Canadian short-term interest rates increased by 28 basis points in the month.

Foreign investment in Canadian equities targets the financial sector

Foreign investment in Canadian equities amounted to \$4.1 billion in September, the highest investment in four months. Foreign purchases mainly targeted shares from the finance and insurance sector, specifically those from the banking sector. This was the eighth consecutive month of foreign acquisitions of Canadian shares. Canadian stock prices were up by 2.8% in September.

The total value of Canadian equity and investment fund shares held by non-resident investors was \$654.0 billion as of the end of September, with about 95% in listed shares. On a sector basis, the finance and insurance as well as the management of companies together accounted for approximately half of the overall holdings.

Combined with foreign holdings of \$1,404.2 billion in Canadian debt instruments, securities are an important component of Canada's overall international liabilities.

Canadian investment in foreign securities slows

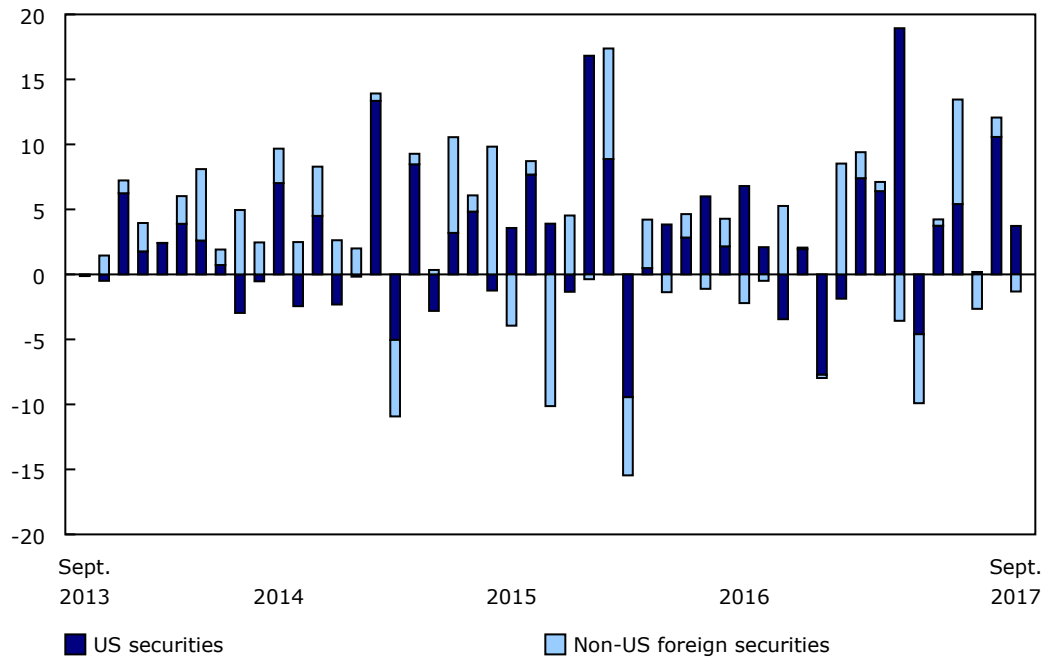
Canadian investors added \$2.4 billion of foreign securities to their holdings in September, down from a \$12.1 billion investment in August. Acquisitions of both foreign equity and debt securities were down significantly in the month. Overall, Canadian purchases of foreign securities reached \$12.0 billion in the third quarter of the year, up from \$7.8 billion in the second quarter. Activity in the quarter was led by acquisitions of US securities.

Canadian investment in foreign equities amounted to \$1.7 billion in September, following acquisitions of \$7.2 billion in August. The bulk of the investment was in US shares. US stock prices were up by 1.9% in the month.

Canadian investors acquired \$686 million of foreign debt securities in September. Acquisitions of US instruments, mainly Treasury bills and corporate bonds, were moderated by sales of non-US instruments. US long-term interest rates were down by one basis point, while short-term rates were up by two basis points in the month.

Chart 2 Canadian investment in foreign securities

billions of dollars



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

Note to readers

Revisions

This release incorporates new information that provides additional insights on the nature of investments made by foreign investors in Canadian equities and investment fund shares. Information on the type of equities as well as the industrial breakdown of Canadian equities transacted and held by non-resident investors are now available on a monthly basis in CANSIM tables 376-0139 and 376-0162.

This release also incorporates statistical revisions back to January 2014 as part of the annual revision exercise of the Canadian System of Macroeconomic Accounts (CSMA). Revisions reflect the integration of new data sources as well as improved methodologies.

Definitions

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 18.

Table 1
Canada's international transactions in securities

	July 2017	August 2017	September 2017	January to September 2016	January to September 2017
millions of dollars					
Foreign investment in Canadian securities	25,013	9,769	16,807	138,447	151,915
Debt securities	23,262	9,542	12,750	102,627	99,618
Money market instruments	-1,495	1,436	-5,975	-1,621	-9,619
Governments	-3,863	-924	-4,352	-5,019	-12,557
Federal government	-3,939	-1,765	-3,635	-3,238	-5,268
Other governments	76	841	-717	-1,783	-7,290
Corporations	2,368	2,360	-1,623	3,401	2,939
Government business enterprises	862	1,832	-901	-717	-224
Private corporations	1,506	528	-722	4,120	3,163
Bonds	24,756	8,106	18,725	104,248	109,236
Governments	10,846	6,046	9,886	31,114	39,833
Federal government	7,991	4,326	9,488	23,240	13,909
Other governments	2,855	1,720	398	7,872	25,924
Corporations	13,910	2,060	8,839	73,135	69,402
Government business enterprises	26	-812	2,914	11,700	13,319
Private corporations	13,884	2,872	5,925	61,436	56,084
Equity and investment fund shares	1,751	227	4,057	35,819	52,298
Shares	2,148	349	3,559	35,640	52,198
Investment fund shares	-397	-122	498	180	99
Canadian investment in foreign securities	-2,463	12,066	2,412	13,044	51,666
Debt securities	1,091	4,843	686	3,177	12,001
Money market instruments	334	-55	489	-476	3,981
Bonds	757	4,898	198	3,652	8,020
Equity and investment fund shares	-3,554	7,223	1,725	9,869	39,666

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 tables [376-0131](#) and [376-0139](#).

Available in CANSIM: tables [376-0131](#) to [376-0139](#), [376-0145](#) to [376-0147](#) and [376-0162](#).

Definitions, data sources and methods: survey number [1535](#).

The *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)) is available.

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is also available. This publication will be regularly updated to maintain its relevance.

The updated *Canada and the World Statistics Hub – United States* ([13-609-X](#)) is now available from the home page of our website. This product illustrates the nature and extent of Canada's economic and financial relationship with the United States, using interactive graphs and tables. This product provides easy access to information on trade, investment, employment and travel, including merchandise trade by Canadian provinces and US states.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca).

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