Canada's international transactions in securities, November 2017

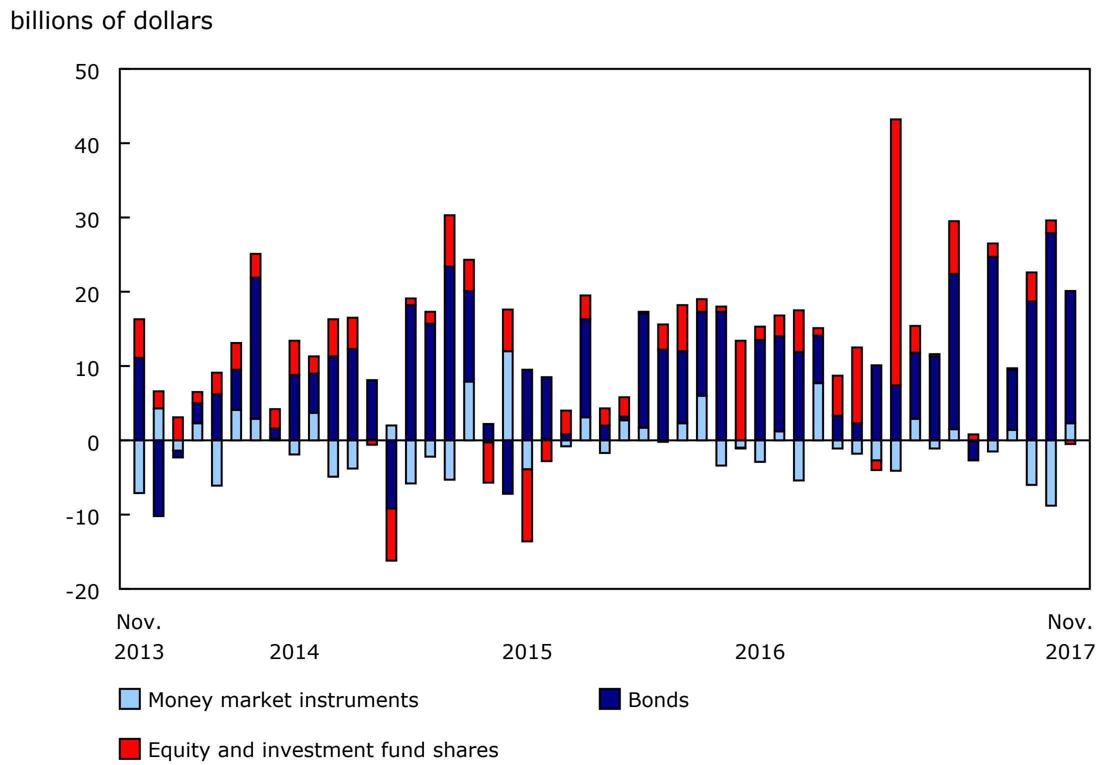
Released at 8:30 a.m. Eastern time in The Daily, Friday, January 19, 2018

Foreign investment in Canadian securities amounted to $19.6 billion in November, mainly purchases of Canadian bonds. Meanwhile, Canadian investors reduced their holdings of foreign securities by $4.6 billion, following strong acquisitions in October.

Foreign investment in Canadian bonds remains strong

Foreign investment in Canadian securities amounted to $19.6 billion in November, following an investment of $20.8 billion in October. Overall, foreign investors acquired Canadian debt securities but reduced their holdings of equities in the month.

Chart 1
Foreign investment in Canadian securities



Source(s): CANSIM table 376-0131.

Non-resident acquisitions of Canadian bonds stood at $17.8 billion in November. Foreign investors acquired $8.8 billion of federal government bonds, the fifth consecutive month of strong investment. From July to November, foreign acquisitions of federal government bonds have totalled $36.6 billion, compared with a divestment of $7.9 billion in the first half of the year (January to June). Non-resident investors also added $6.6 billion of private corporate bonds to their holdings in November. Canadian long-term interest rates were down by 16 basis points in the month.

Foreign investors resumed their acquisitions of Canadian money market instruments by adding $2.3 billion to their holdings in November, the first investment in three months. Foreign purchases of $1.9 billion in private corporate paper accounted for the majority of the investment. Canadian short-term interest rates were down by four basis points and the Canadian dollar was almost unchanged compared with the US dollar in November.

Non-resident investors reduced their holdings of Canadian equities by $507 million in November, the first divestment since January 2017. The reduction was related to cross-border merger and acquisition activities, as foreign portfolio investors rendered Canadian shares to foreign direct investors during the month. Foreign acquisitions of $1.0 billion of Canadian shares on the secondary market moderated the overall divestment in the month. Canadian stock prices edged up in November.

Canadian investors sell US shares

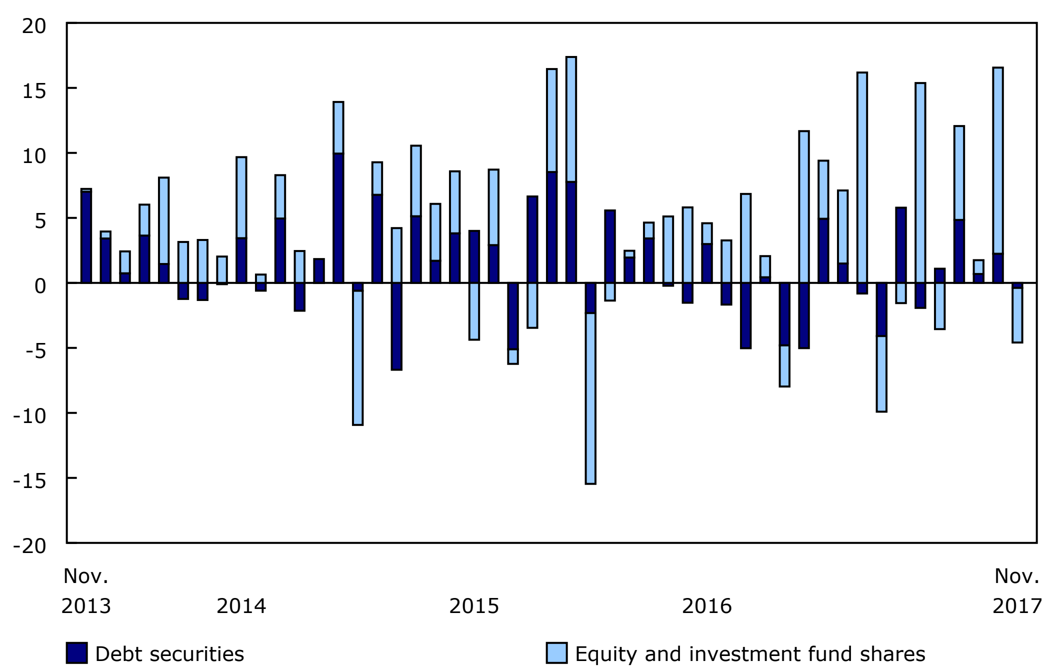
Canadian investors reduced their holdings of foreign securities by $4.6 billion in November, the first divestment in four months. The divestment was in both foreign debt securities and foreign equities.

Canadian investors sold $4.2 billion of foreign equities in November, following an investment of $14.3 billion in October. Record sales of $5.8 billion of US shares were moderated by purchases of non-US foreign shares in November. US stock prices were up by 2.3% in the month.

Canadian holdings of foreign debt securities were down by $385 million in November, the first divestment in five months. Sales of non-US foreign bonds were moderated by acquisitions of US Treasury instruments in the month. US long-term interest rates edged down, while short-term rates were up by 16 basis points in the month.

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 December 2017 will be released on February 16, 2018.

Table 1
Canada's international transactions in securities

	September 2017	October 2017	November 2017	January to November 2016	January to November 2017
	millions of dollars				
Foreign investment in Canadian securities	**16,648**	**20,765**	**19,564**	**161,102**	**190,354**
Debt securities	12,742	19,103	20,071	118,860	137,055
Money market instruments	-5,975	-8,829	2,318	4,937	-16,130
Governments	-4,352	-3,661	859	-3,767	-15,359
Federal government	-3,635	-1,044	267	-1,659	-6,045
Other governments	-717	-2,617	592	-2,110	-9,315
Corporations	-1,623	-5,168	1,459	8,707	-770
Government business enterprises	-901	-1,396	-446	-1,384	-2,066
Private corporations	-722	-3,772	1,905	10,093	1,296
Bonds	18,717	27,932	17,753	113,923	153,185
Governments	9,878	7,673	9,892	30,576	57,359
Federal government	9,488	5,974	8,827	24,609	28,710
Other governments	390	1,698	1,065	5,966	28,648
Corporations	8,839	20,259	7,861	83,348	95,825
Government business enterprises	2,922	1,626	1,280	12,739	16,263
Private corporations	5,917	18,633	6,581	70,609	79,560
Equity and investment fund shares	3,905	1,662	-507	42,241	53,297
Shares	3,416	1,517	-391	42,710	53,202
Investment fund shares	490	145	-116	-469	95
Canadian investment in foreign securities	**1,749**	**16,559**	**-4,586**	**7,135**	**62,974**
Debt securities	686	2,242	-385	-1,195	13,858
Money market instruments	489	-348	-15	-1,026	3,618
Bonds	198	2,590	-370	-171	10,240
Equity and investment fund shares	1,062	14,318	-4,201	8,331	49,118

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 available online. This product illustrates the nature and the 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**).

To enquire about the concepts, methods or data quality of this release, contact Lauren Dong (613-668-3140; **lauren.dong@canada.ca**), International Accounts and Trade Division.