

Canada's international transactions in securities, July 2018

Released at 8:30 a.m. Eastern time in *The Daily*, Monday, September 17, 2018

Foreign investment in Canadian securities reached \$12.7 billion in July, mainly from acquisitions of federal government bonds. At the same time, Canadian investment in foreign securities totalled \$13.1 billion, led by record purchases of foreign bonds.

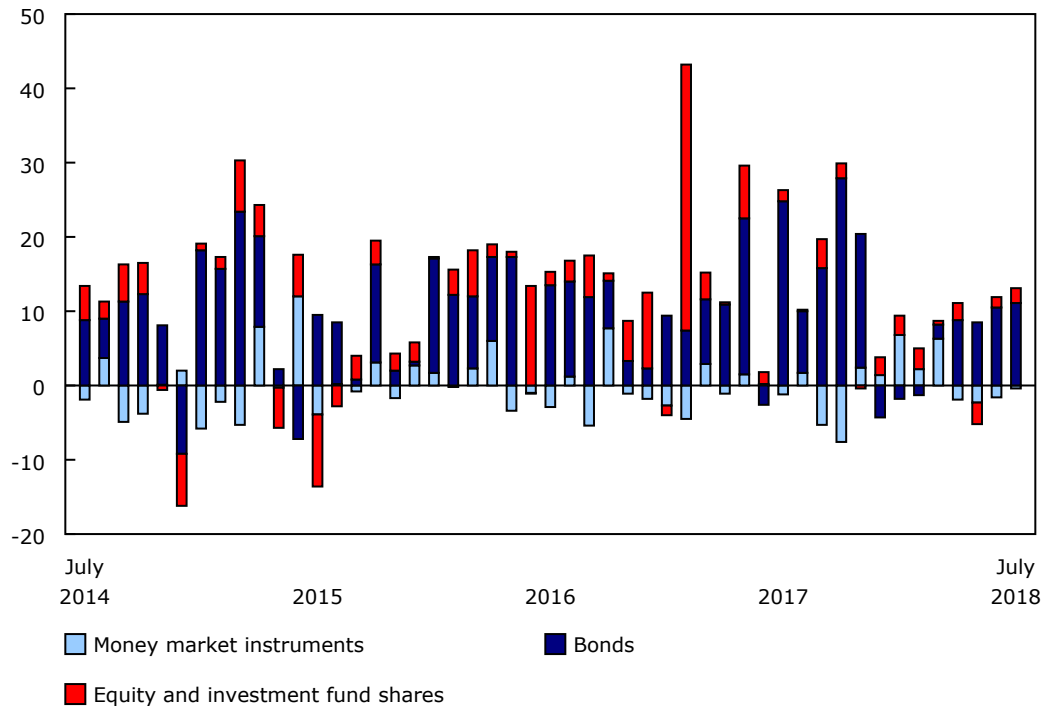
Foreign investment in federal government bonds resumes

Foreign investment in Canadian securities reached \$12.7 billion in July, up from \$10.3 billion in June. Overall, foreign investors acquired Canadian bonds and, to a lesser extent, equities, but reduced their exposure to money market instruments.

Non-resident acquisitions of Canadian bonds totalled \$11.1 billion in July. Foreign investors acquired \$5.2 billion of federal government bonds. This was the first monthly investment this year. From January to June, foreign divestment in federal government bonds totalled \$33.9 billion. Non-resident investors also added \$3.8 billion of private corporate bonds to their holdings in July, the lowest level since January. Canadian long-term interest rates were up by 22 basis points in July. The Bank of Canada raised its benchmark overnight interest rate by 25 basis points to 1.5% in July, the second increase so far this year. In general, interest rates and bond prices move in opposite directions.

Chart 1
Foreign investment in Canadian securities

billions of dollars



Source(s): Table 36-10-0028-01.

Foreign investors reduced their holdings of Canadian money market instruments by \$379 million in July, the fourth consecutive month of divestment. Lower foreign holdings of federal government and federal government enterprise paper was moderated by investment in private corporate paper. Canadian short-term interest rates were up by 15 basis points and the Canadian dollar appreciated slightly against its US counterpart in the month.

Foreign investment in Canadian equities increased to \$2.0 billion in July from \$1.4 billion the previous month. The investment activity was concentrated in listed shares in the month. Canadian stock prices edged up in July.

Canadian investors acquire foreign bonds at a record pace

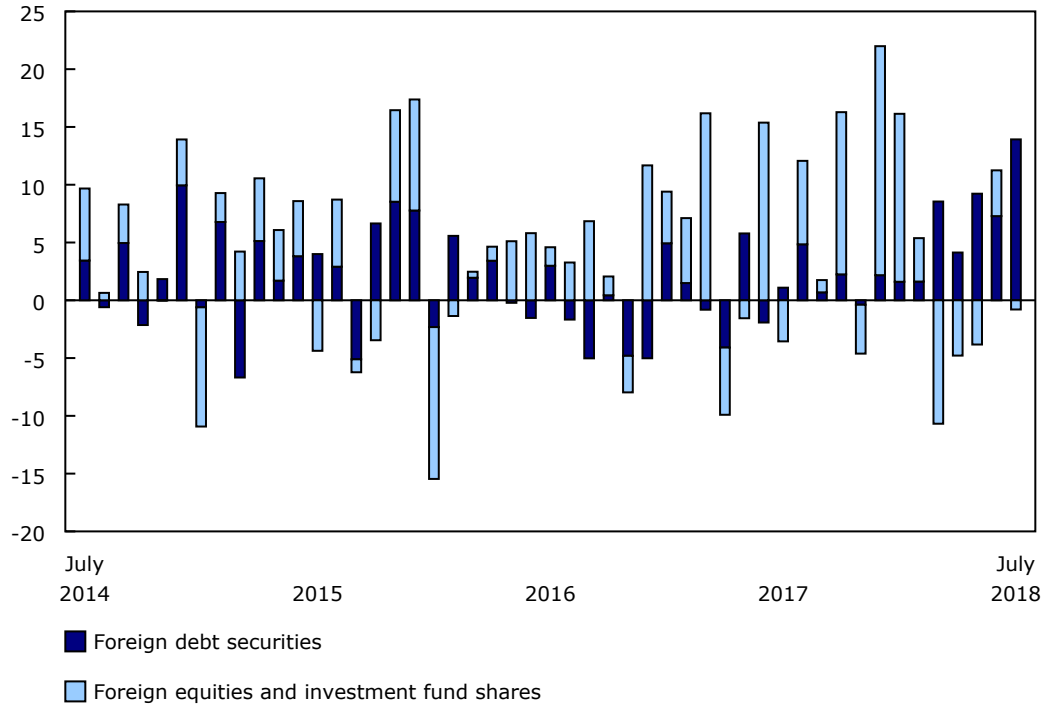
Canadian investment in foreign securities totalled \$13.1 billion in July, following an \$11.2 billion investment in June. Purchases of debt instruments were moderated by sales of equities in the month, an investment pattern generally observed since March.

Canadian investment in foreign debt securities reached a record \$13.9 billion in July. Acquisitions of non-US foreign bonds and US Treasury bonds were the main contributors. Canadian investors acquired \$44.9 billion of foreign bonds from January to July, with nearly 90% in instruments denominated in foreign currencies. These acquisitions mainly targeted bonds issued by foreign governments. The level of investment in 2018 has already surpassed the record investment for one year set in 2006 (\$43.8 billion). In 2006, acquisitions were mainly in foreign bonds denominated in Canadian dollars, also referred to as maple bonds, as foreign corporations were active raising funds in the Canadian credit market prior to the global financial crisis. US short-term interest rates were up by five basis points, while US long-term rates declined slightly in July.

Canadian investors reduced their holdings of foreign shares by \$796 million, the fourth divestment in five months. The reduction largely targeted non-US foreign shares in July.

Chart 2
Canadian investment in foreign securities

billions of dollars



Source(s): Table 36-10-0028-01.

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 August will be released on October 16.

Table 1
Canada's international transactions in securities

	May 2018	June 2018	July 2018	January to July 2017	January to July 2018
millions of dollars					
Foreign investment in Canadian securities	3,305	10,300	12,651	123,272	55,397
Debt securities	6,243	8,897	10,683	74,699	46,898
Money market instruments	-2,305	-1,650	-379	-4,765	9,134
Governments	-593	382	-1,092	-6,969	-1,432
Federal government	326	-308	-1,053	132	-3,011
Other governments	-919	691	-39	-7,102	1,581
Corporations	-1,712	-2,033	713	2,202	10,566
Government business enterprises	982	-2,243	-1,732	-1,155	2,280
Private corporations	-2,694	210	2,445	3,357	8,284
Bonds	8,549	10,547	11,062	79,464	37,765
Governments	-34	-1,703	6,731	23,876	-22,647
Federal government	-228	-72	5,219	95	-28,714
Other governments	194	-1,631	1,512	23,780	6,068
Corporations	8,583	12,250	4,331	55,587	60,411
Government business enterprises	3,856	-3,794	572	11,242	6,650
Private corporations	4,727	16,044	3,759	44,345	53,762
Equity and investment fund shares	-2,938	1,403	1,969	48,572	8,498
Shares	-1,484	1,472	2,040	48,900	9,248
Investment fund shares	-1,455	-68	-71	-329	-748
Canadian investment in foreign securities	5,396	11,245	13,127	37,187	48,495
Debt securities	9,224	7,284	13,923	6,472	46,334
Money market instruments	770	-842	1,423	3,547	1,401
Bonds	8,454	8,126	12,500	2,924	44,934
Equity and investment fund shares	-3,828	3,961	-796	30,717	2,161

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): Tables [36-10-0028-01](#) and [36-10-0583-01](#).

Available tables: [36-10-0028-01](#) to [36-10-0035-01](#) , [36-10-0444-01](#), [36-10-0475-01](#), [36-10-0486-01](#), [36-10-0583-01](#) and [36-10-0584-01](#).

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* ([13-609-X](#)) is available online. This product illustrates the nature and extent of Canada's economic and financial relationship with the world using interactive graphs and tables. This product provides easy access to information on trade, investment, employment and travel between Canada and a number of countries, including the United States, the United Kingdom, Mexico, China and Japan.

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 Éric Simard (613-219-5932; eric.simard@canada.ca), International Accounts and Trade Division.