

Canada's international transactions in securities, April 2019

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Foreign investors reduced their holdings of Canadian securities by \$12.8 billion in April, mainly in the form of equities. At the same time, Canadian investors marginally reduced their holdings of foreign securities.

As a result, international transactions in securities generated a net outflow of funds of \$12.6 billion from the Canadian economy in April. Cross-border mergers and acquisitions activity in Canada contributed significantly to this movement of funds.

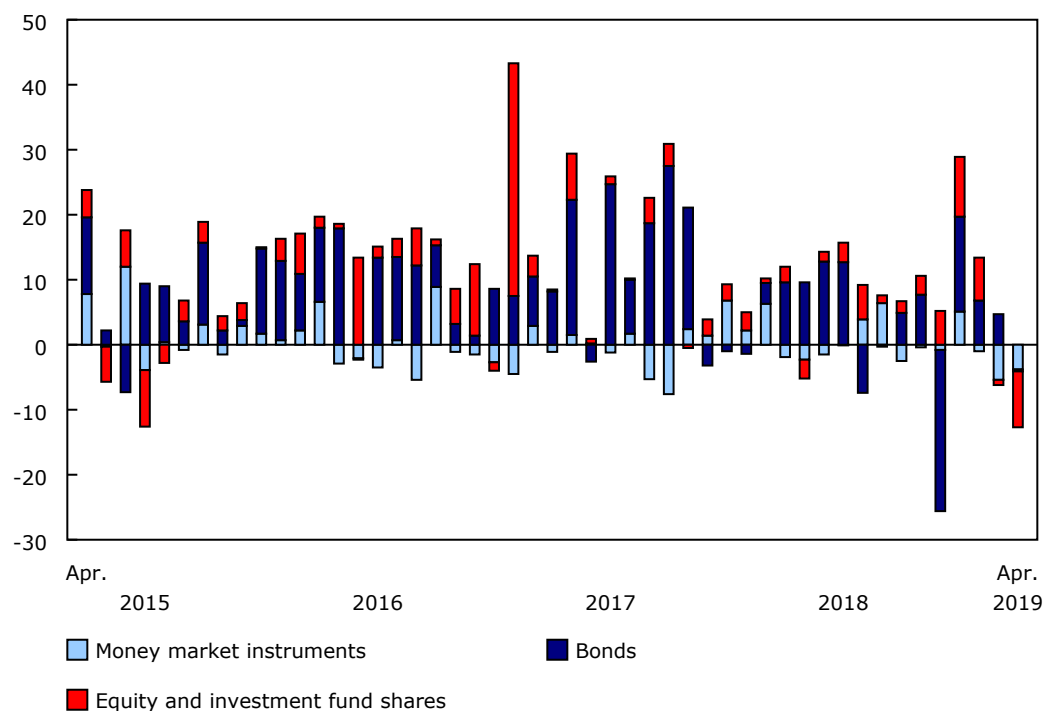
When a Canadian firm is acquired by a foreign firm and the transaction involves the issuance of new shares by the acquiring firm, the geographical composition of investors' portfolios changes. In the context of this release, Canadian investors' holdings of foreign shares increase as they receive new shares and foreign investors' holdings of Canadian shares decline as they render shares.

Foreign holdings of Canadian equities decline

Non-resident investors reduced their holdings of Canadian securities by \$12.8 billion in April, the largest decline since December 2018. The reduction was in Canadian equities and, to a lesser extent, debt securities.

Chart 1
Foreign investment in Canadian securities

billions of dollars



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

Foreign holdings of Canadian portfolio equities were down by \$8.6 billion in April, the largest reduction since July 2015. The decline was mainly related to cross-border mergers and acquisitions activity in Canada. Sales on the secondary market also contributed to the decline. On a sector basis, the reduction was mainly in energy and mining shares, after significant foreign investment totalling \$15.0 billion in the first quarter. Canadian stock prices were up by 3.0% in April, the fourth straight monthly rise.

Non-resident investors reduced their holdings of Canadian debt securities by \$4.2 billion in April. The activity reflected offsetting movements of funds between short- and long-term debt instruments. In the federal government subsector, investors sold \$3.7 billion of bonds, the third consecutive monthly divestment. At the same time, they acquired \$3.3 billion of short-term instruments. In the private corporate sector, foreign acquisitions of bonds, mainly denominated in US dollars, were more than offset by a \$5.4 billion divestment in short-term instruments.

Canadian short-term interest rates (+2 basis points) and long-term interest rates (+13 basis points) were up, and the Canadian dollar depreciated slightly against its US counterpart in April.

Canadian investors reduce their holdings of foreign securities

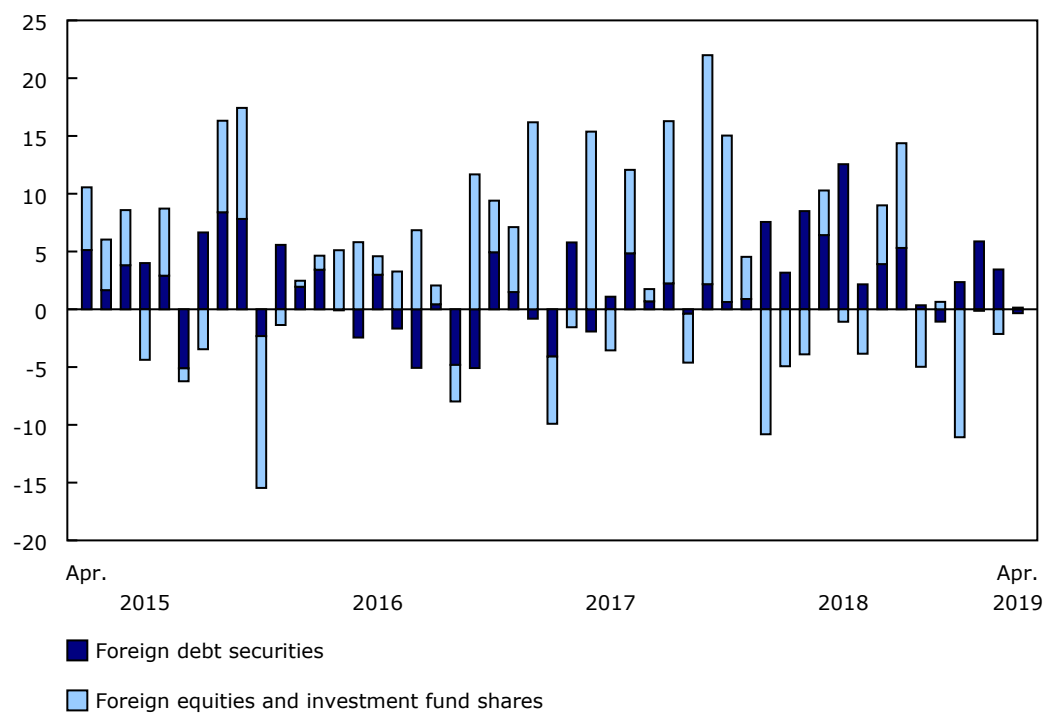
Canadian investors reduced their holdings of foreign securities by \$194 million in April, following a \$1.3 billion investment in March.

Canadian holdings of foreign debt securities were down by \$337 million in April, after three months of investment. Acquisitions of US corporate bonds were moderated by sales of US treasury instruments. US short- and long-term interest rates edged down in the month.

Canadian investment in foreign equities was \$143 million in April. The activity reflected significant issuances of new US shares to Canadian investors resulting from cross-border mergers and acquisitions in Canada. Meanwhile, sales of US shares on the secondary market almost completely offset this activity. April marked the sixth consecutive month for which Canadian investors reduced their exposure to US shares. The US stock market increased by 3.9% in April.

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 May will be released on July 16.

Table 1
Canada's international transactions in securities

	February 2019	March 2019	April 2019	January to April 2018	January to April 2019
	millions of dollars				
Foreign investment in Canadian securities	12,335	-1,561	-12,797	32,256	26,883
Debt securities	5,726	-718	-4,167	23,866	20,503
Money market instruments	-1,042	-5,425	-3,826	13,462	-5,226
Governments	-1,655	-4,895	2,306	-129	-1,899
Federal government	1,932	-223	3,268	-1,976	2,758
Other governments	-3,587	-4,672	-962	1,848	-4,657
Corporations	613	-530	-6,132	13,590	-3,327
Government business enterprises	-427	159	-745	5,267	-2,122
Private corporations	1,040	-689	-5,387	8,323	-1,205
Bonds	6,769	4,707	-341	10,404	25,730
Governments	-1,681	-5,665	-2,775	-27,599	4,658
Federal government	-3,241	-6,498	-3,661	-33,613	-569
Other governments	1,559	834	885	6,015	5,226
Corporations	8,450	10,372	2,434	38,002	21,072
Government business enterprises	1,690	1,557	-158	6,017	3,528
Private corporations	6,760	8,815	2,592	31,986	17,544
Equity and investment fund shares	6,609	-843	-8,630	8,389	6,380
Shares	6,537	-1,056	-8,776	7,365	5,748
Investment fund shares	71	213	146	1,025	631
Canadian investment in foreign securities	5,743	1,311	-194	14,554	-1,860
Debt securities	5,874	3,445	-337	12,249	11,335
Money market instruments	509	394	-846	50	-478
Bonds	5,365	3,051	509	12,200	11,812
Equity and investment fund shares	-131	-2,135	143	2,305	-13,195

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.

The data visualization product "[Securities statistics](#)," which is part of *Statistics Canada – Data Visualization Products* ([71-607-X](#)), is available online.

The *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.

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