

Canada's international transactions in securities, May 2019

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, July 16, 2019

Foreign investors acquired \$10.2 billion of Canadian securities in May, following two months of divestment. At the same time, Canadian investment in foreign securities resumed to reach \$4.1 billion, led by purchases of US corporate bonds.

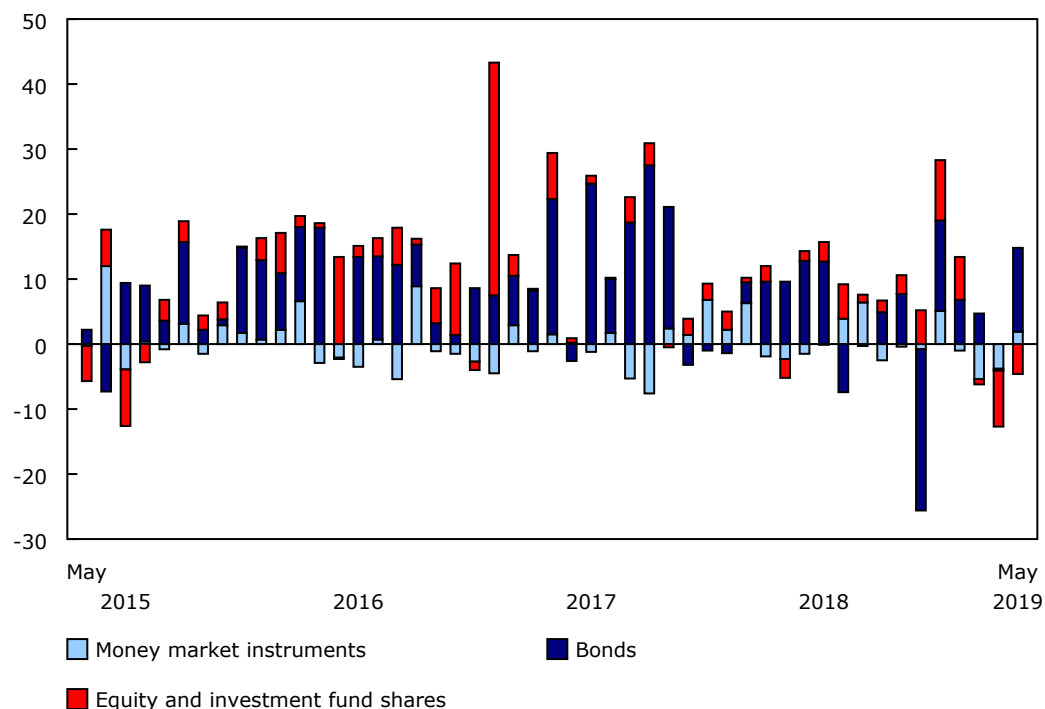
As a result, international transactions in securities generated a net inflow of funds of \$6.1 billion in the Canadian economy in May to total \$34.2 billion in the first five months of 2019.

Foreign investors purchase federal government bonds

Foreign investment in Canadian securities totalled \$10.2 billion in May. Foreign investors acquired Canadian debt instruments but reduced their exposure to Canadian shares in the month.

Chart 1
Foreign investment in Canadian securities

billions of dollars



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

Non-resident investors added \$12.9 billion of Canadian bonds to their portfolio in May. Foreign investment in federal government bonds reached \$8.8 billion, mainly secondary market purchases of Canadian dollar-denominated instruments. This was the first monthly investment in these instruments in four months. In addition, non-resident investors added \$3.9 billion of federal government business enterprises bonds to their holdings.



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Non-resident investors resumed their acquisitions of Canadian money market instruments by adding \$1.9 billion to their holdings in May, following three straight months of divestment. Foreign acquisitions of private corporate paper were moderated by a divestment in Government of Canada paper during the month.

Canadian short-term interest rates edged up while long-term interest rates decreased by 10 basis points in May. Meanwhile, the Canadian dollar depreciated against the US dollar by 0.6 US cents.

Foreign investors reduced their exposure to Canadian equities by \$4.6 billion in May, the third consecutive monthly divestment. This divestment mainly resulted from sales on the secondary market of shares from the financial corporate sector. Canadian stock prices, as measured by the Standard and Poor's / Toronto Stock Exchange composite index, were down by 3.3% in May.

Canadian investors purchase foreign bonds and sell equities

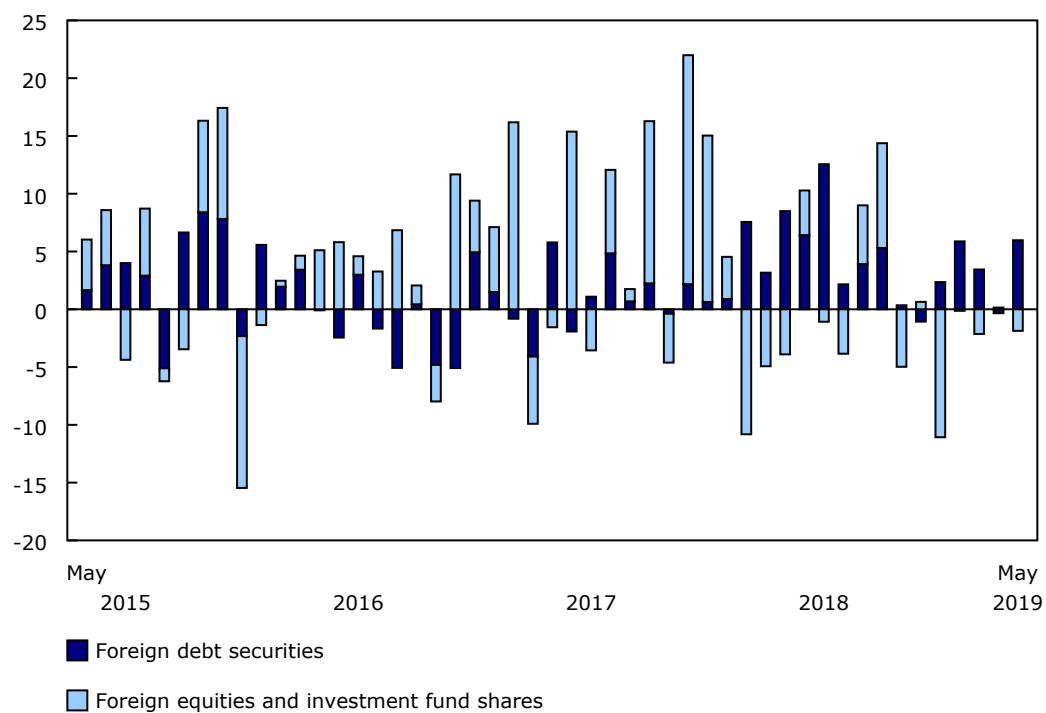
Canadian investors resumed their acquisitions of foreign securities with purchases totalling \$4.1 billion in May, following a \$189 million divestment in April. Purchases of debt instruments were moderated by sales of equities in the month, an investment pattern generally observed since the beginning of 2019.

Canadian acquisitions of foreign debt securities totalled \$6.0 billion in May. The activity was led by purchases of foreign bonds, as investors mainly added US corporate bonds and non-US foreign bonds to their holdings. Canadian pension funds were the main contributors to these purchases in the month. US long-term interest rates decreased for a seventh straight month in May.

Canadian investors reduced their holdings of foreign equities by \$1.9 billion in May. Sales of non-US shares were moderated by purchases of US shares. This was the first monthly investment in US shares following six straight months during which investors reduced their exposure to this market. The US stock market decreased by 6.6% in May.

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 June will be released on August 16.

Table 1
Canada's international transactions in securities

	March 2019	April 2019	May 2019	January to May 2018	January to May 2019
	millions of dollars				
Foreign investment in Canadian securities	-1,555	-12,790	10,195	36,633	36,423
Debt securities	-718	-4,167	14,780	31,138	34,599
Money market instruments	-5,425	-3,826	1,928	11,157	-3,298
Governments	-4,895	2,306	-1,047	-722	-2,946
Federal government	-223	3,268	-1,297	-1,650	1,461
Other governments	-4,672	-962	250	929	-4,407
Corporations	-530	-6,132	2,975	11,878	-352
Government business enterprises	159	-745	-28	6,248	-2,150
Private corporations	-689	-5,387	3,003	5,630	1,798
Bonds	4,707	-341	12,852	19,981	37,898
Governments	-5,665	-2,775	8,171	-26,622	12,829
Federal government	-6,498	-3,661	8,828	-32,835	8,259
Other governments	834	886	-657	6,214	4,570
Corporations	10,372	2,434	4,680	46,602	25,068
Government business enterprises	1,557	-158	3,856	9,872	7,384
Private corporations	8,815	2,592	824	36,730	17,684
Equity and investment fund shares	-837	-8,623	-4,585	5,494	1,823
Shares	-1,050	-8,769	-3,878	5,898	1,899
Investment fund shares	213	146	-708	-403	-77
Canadian investment in foreign securities	1,311	-189	4,112	19,150	2,257
Debt securities	3,445	-337	5,975	20,745	17,310
Money market instruments	394	-846	-1,448	820	-1,926
Bonds	3,051	509	7,423	19,926	19,235
Equity and investment fund shares	-2,135	147	-1,863	-1,594	-15,054

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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