

Canada's international transactions in securities, September 2019

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Foreign investors acquired \$4.8 billion of Canadian securities in September, all corporate securities. At the same time, Canadian investors reduced their holdings of foreign securities by \$2.4 billion, led by a divestment in US instruments.

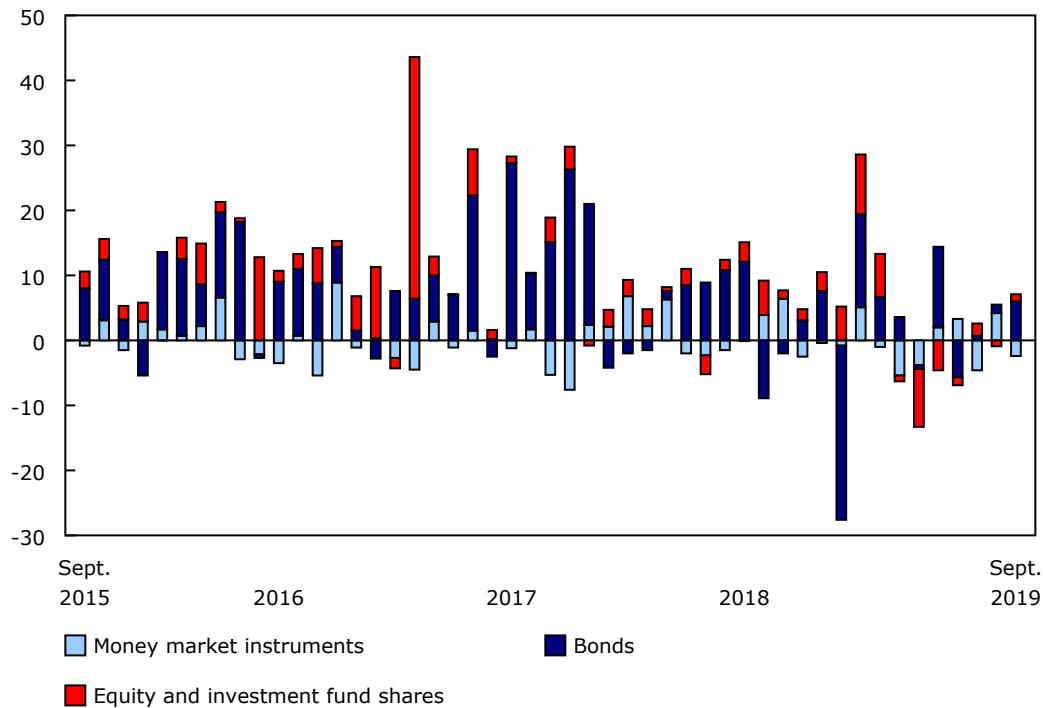
As a result, international transactions in securities generated a net inflow of funds in the Canadian economy of \$7.2 billion in September.

Foreign investment in Canadian corporate bonds resumes

Foreign investment in Canadian securities totalled \$4.8 billion in September. The activity in the month reflected foreign acquisitions of securities from the corporate sector, moderated by a divestment in securities from the government sector.

Chart 1
Foreign investment in Canadian securities

billions of dollars



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

Non-resident investors added \$6.0 billion of Canadian bonds to their portfolio in September. Foreign investment in private corporate bonds reached \$10.4 billion, the highest investment since June 2018. New bonds issued by banks and denominated in foreign currencies, led by the UK pound sterling, accounted for most of the activity. Meanwhile,

foreign investors reduced their holdings of both federal and provincial government bonds by a total of \$2.8 billion. September closed a strong quarter of foreign acquisitions of Canadian private corporate bonds totalling \$18.8 billion.

In the Canadian money market, non-resident investors reduced their holdings of short-term paper by \$2.4 billion. On a sector basis, a divestment in government paper, mainly provincial, was moderated by acquisitions of private corporate paper.

Canadian short-term interest rates edged up, while long-term interest rates increased by 26 basis points in September. As a result, the differential between short- and long-term rates narrowed following a significant increase in August. Since March, short-term rates have exceeded long-term rates.

Foreign investment in Canadian equities amounted to \$1.1 billion in September. Issuances of new Canadian shares to non-resident portfolio investors, resulting from cross-border mergers and acquisitions, led the activity. Foreign sales of Canadian shares on the secondary market moderated the overall investment activity. Canadian stock prices, as measured by the Standard and Poor's / Toronto Stock Exchange composite index, were up 1.3% in September.

Canadian holdings of US securities decline

Canadian investors reduced their holdings of foreign securities by \$2.4 billion in September. The decline was in US securities as investment in non-US securities totalled \$617 million.

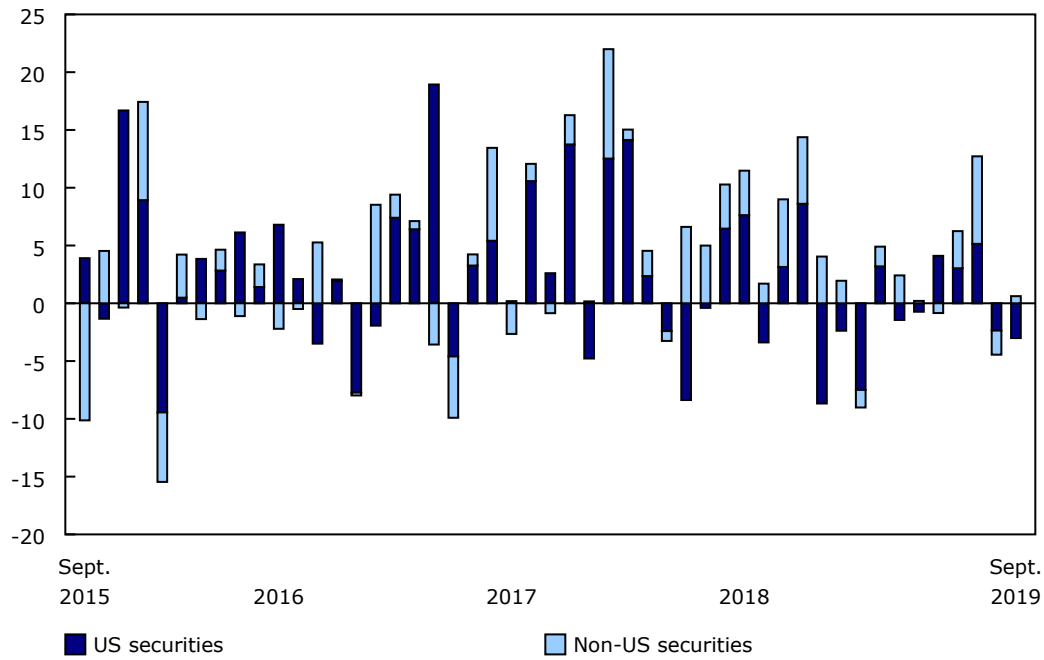
The decrease in holdings of US securities in September reflected sales of shares and Treasury bonds, partially offset by acquisitions of corporate bonds. A similar investment pattern was observed in August.

From January to September 2019, Canadian investors reduced their exposure to US shares and US Treasury bonds by \$21.3 billion. At the same time, they increased their holdings of US corporate bonds by \$20.4 billion.

In September, US stock prices increased by 1.7%. US long-term interest rates were up and short-term rates were down slightly. From July to October, the Federal Reserve has reduced the US federal funds rate three times, in July, September and October.

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 October will be released on December 16.

Table 1
Canada's international transactions in securities

	July 2019	August 2019	September 2019	January to September 2018	January to September 2019
	millions of dollars				
Foreign investment in Canadian securities	-2,004	4,618	4,763	63,485	38,557
Debt securities	-3,925	5,557	3,684	47,083	36,219
Money market instruments	-4,639	4,209	-2,353	19,842	-2,630
Governments	-693	2,601	-3,065	4,984	-5,785
Federal government	-188	-47	-739	805	-3,708
Other governments	-506	2,648	-2,326	4,181	-2,078
Corporations	-3,946	1,608	712	14,858	3,155
Government business enterprises	-748	13	-219	6,571	-2,718
Private corporations	-3,198	1,594	932	8,287	5,874
Bonds	714	1,348	6,037	27,241	38,849
Governments	-10,813	2,124	-2,805	-31,753	-4,132
Federal government	-10,659	1,220	-1,920	-35,079	-8,474
Other governments	-154	904	-885	3,325	4,343
Corporations	11,527	-775	8,842	58,993	42,982
Government business enterprises	2,016	416	-1,594	7,864	2,751
Private corporations	9,511	-1,191	10,436	51,128	40,230
Equity and investment fund shares	1,921	-939	1,079	16,401	2,339
Shares	1,806	-2,265	1,704	16,064	1,676
Investment fund shares	115	1,326	-625	338	664
Canadian investment in foreign securities	12,717	-4,448	-2,392	48,215	11,711
Debt securities	6,593	395	-52	45,789	23,384
Money market instruments	1,208	225	770	1,405	-477
Bonds	5,385	171	-822	44,384	23,861
Equity and investment fund shares	6,124	-4,844	-2,339	2,428	-11,675

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](#)," part of the series *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.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinformedias.STATCAN@canada.ca).