

Canada's international transactions in securities, January 2020

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Foreign investors acquired \$17.0 billion of Canadian securities in January, adding debt securities but reducing their exposure to equities. Meanwhile, Canadian investors reduced their holdings of foreign securities by \$9.1 billion, following acquisitions of \$13.8 billion in December 2019.

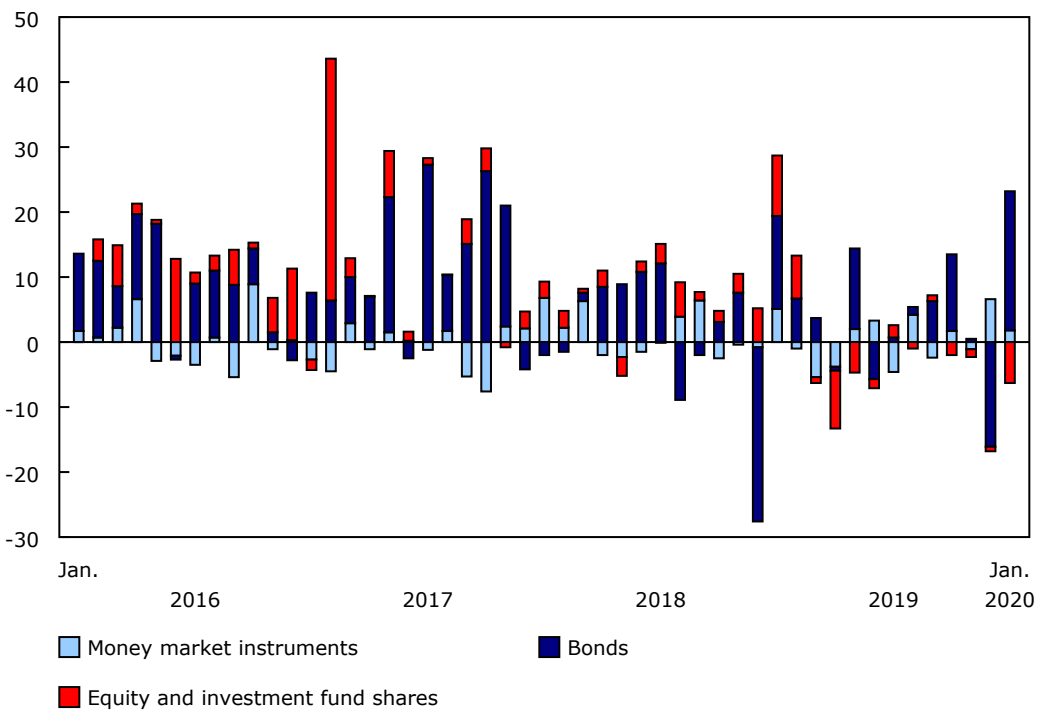
As a result, international transactions in securities generated a net inflow of funds of \$26.1 billion in the Canadian economy in January, more than offsetting the \$24.0 billion net outflow of funds recorded in December 2019.

Foreign investors resume their purchases of debt securities

Foreign investors acquired \$17.0 billion of Canadian securities in January. They added debt securities, but reduced their exposure to equities over the month.

Chart 1
Foreign investment in Canadian securities

billions of dollars



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

Foreign acquisitions of Canadian bonds were \$21.4 billion in January, following a divestment of \$16.1 billion in December 2019. Net issuances of Canadian bonds on foreign markets accounted for over half of the investment activity, led by private corporations. Foreign purchases of new bonds issued by Canadian private corporations totalled \$23.0 billion in January, the highest level since March 2015. Retirements for this sector amounted to \$15.9 billion, mostly bonds retired prior to their original maturity date.

The Government of Canada issued a US\$3.0 billion global bond in January, with proceeds used to strengthen Canada's international foreign reserves. The last issuance of a \$US global bond by the federal government was in January 2019.

Transactions in the Canadian money market resulted in foreign acquisitions of \$1.8 billion. Most of the investment in January was in Canadian private corporate paper. Borrowing conditions continued to improve in January as long-term interest rates were down by a significant 30 basis points, following a decline of 37 basis points in 2019.

In the Canadian stock market, non-resident investors reduced their exposure to Canadian equities by \$6.3 billion in January. This activity followed a divestment of \$2.1 billion in 2019. The reduction in January was widespread across all industries, with the banking sector accounting for the largest share (-\$2.5 billion). In January, Canadian stock prices, as measured by the Standard and Poor's / Toronto Stock Exchange composite index, were up by 1.5%.

Canadian investors reduce their exposure to foreign equities

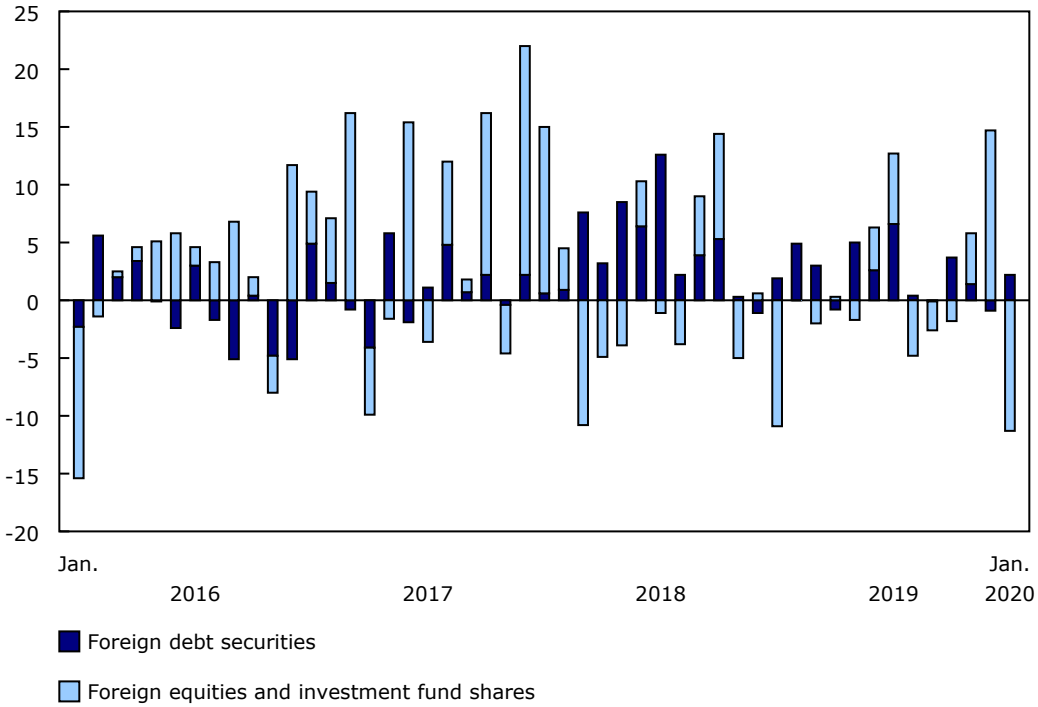
Canadian investors reduced their holdings of foreign securities by \$9.1 billion in January, following strong acquisitions totalling \$13.8 billion in December 2019.

Investors reduced their exposure to foreign equities by \$11.3 billion in January. They sold both US and non-US stocks from their portfolios. US stock prices were down 0.2% in January, a first monthly decline since August 2019.

Canadian investment in foreign debt securities moderated the overall divestment in foreign securities in January. Purchases of foreign bonds reached \$1.3 billion in the month and reflected increased holdings of non-US instruments (+\$4.3 billion), which were partially offset by a reduction in holdings of US instruments (-\$3.0 billion). In the foreign money market, Canadian investors added \$1.0 billion to their portfolios in January.

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 February will be released on April 17.

Table 1
Canada's international transactions in securities

	November 2019	December 2019	January 2020	2018	2019
	millions of dollars				
Foreign investment in Canadian securities	-1,760	-10,216	17,011	53,497	37,568
Debt securities	-582	-9,558	23,267	27,283	39,669
Money market instruments	-1,096	6,587	1,838	16,090	4,527
Governments	1,664	624	-1,787	9,029	462
Federal government	1,497	-775	-1,710	3,902	-2,553
Other governments	167	1,399	-76	5,128	3,015
Corporations	-2,760	5,964	3,624	7,061	4,065
Government business enterprises	472	1,129	628	3,570	-1,098
Private corporations	-3,232	4,834	2,996	3,491	5,163
Bonds	514	-16,145	21,430	11,194	35,142
Governments	6,469	-11,659	9,565	-33,284	-4,011
Federal government	3,329	-3,568	3,348	-38,194	-7,301
Other governments	3,140	-8,091	6,217	4,910	3,290
Corporations	-5,956	-4,486	11,865	44,477	39,153
Government business enterprises	450	-4,719	2,961	-1,500	-867
Private corporations	-6,405	233	8,903	45,977	40,020
Equity and investment fund shares	-1,178	-659	-6,257	26,213	-2,102
Shares	-1,290	-499	-5,943	24,745	266
Investment fund shares	112	-159	-314	1,468	-2,367
Canadian investment in foreign securities	5,741	13,802	-9,096	57,532	32,960
Debt securities	1,371	-940	2,221	50,376	27,485
Money market instruments	-732	-134	956	2,290	-1,470
Bonds	2,103	-805	1,265	48,087	28,955
Equity and investment fund shares	4,369	14,741	-11,317	7,156	5,475

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.

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