

Canada's international transactions in securities, July 2020

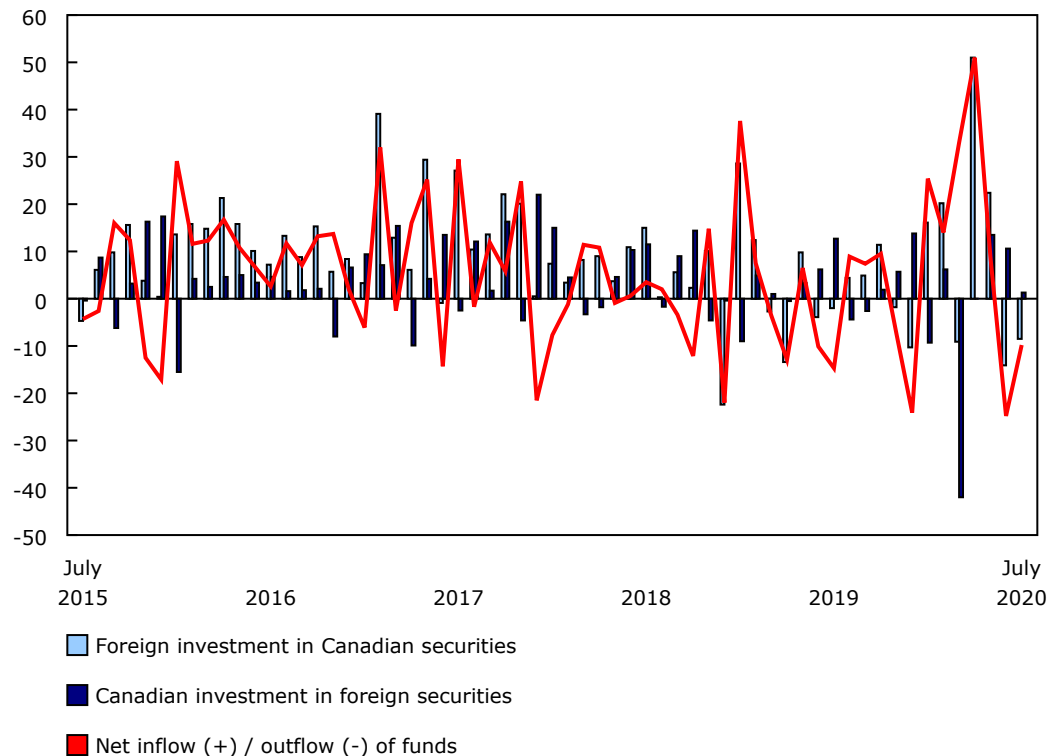
Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, September 16, 2020

Non-resident investors reduced their holdings of Canadian securities by \$8.5 billion in July. They reduced their exposure to Canadian bonds, but acquired money market instruments and shares in the month. Meanwhile, Canadian investors acquired \$1.3 billion of foreign securities, down considerably from a \$10.6 billion investment in June.

As a result, Canada's international transactions in securities generated a net outflow of funds from the Canadian economy of \$9.8 billion in July. For the first two quarters of the year, a net inflow of funds in the economy of \$107.5 billion was recorded.

Chart 1
Canada's international transactions in securities

billions of dollars



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

Record foreign divestment in Canadian private corporate bonds

Non-resident investors reduced their holdings of Canadian bonds by \$16.4 billion in July, their second consecutive divestment following five months of foreign acquisitions totalling \$121.7 billion. Retirements of private corporate bonds, largely chartered banks' instruments denominated in euros, accounted for the bulk of the divestment in July. This activity was moderated by foreign acquisitions of \$6.8 billion in provincial bonds, the largest investment since May 2017.

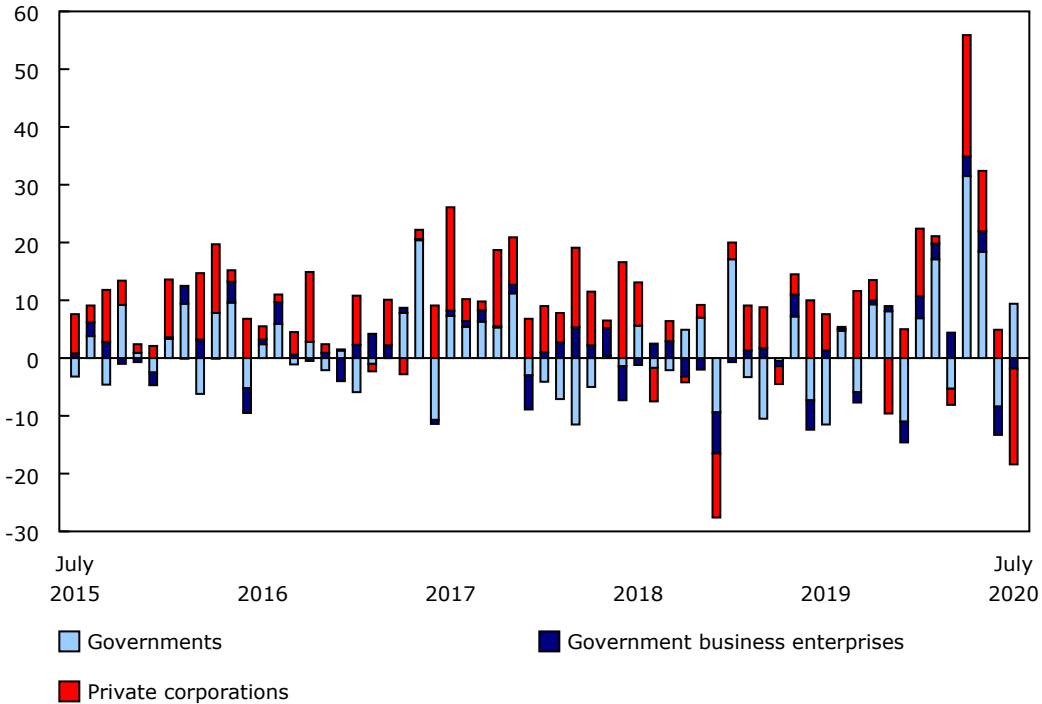


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Chart 2
Foreign investment in Canadian debt securities, by sector of issuer

billions of dollars

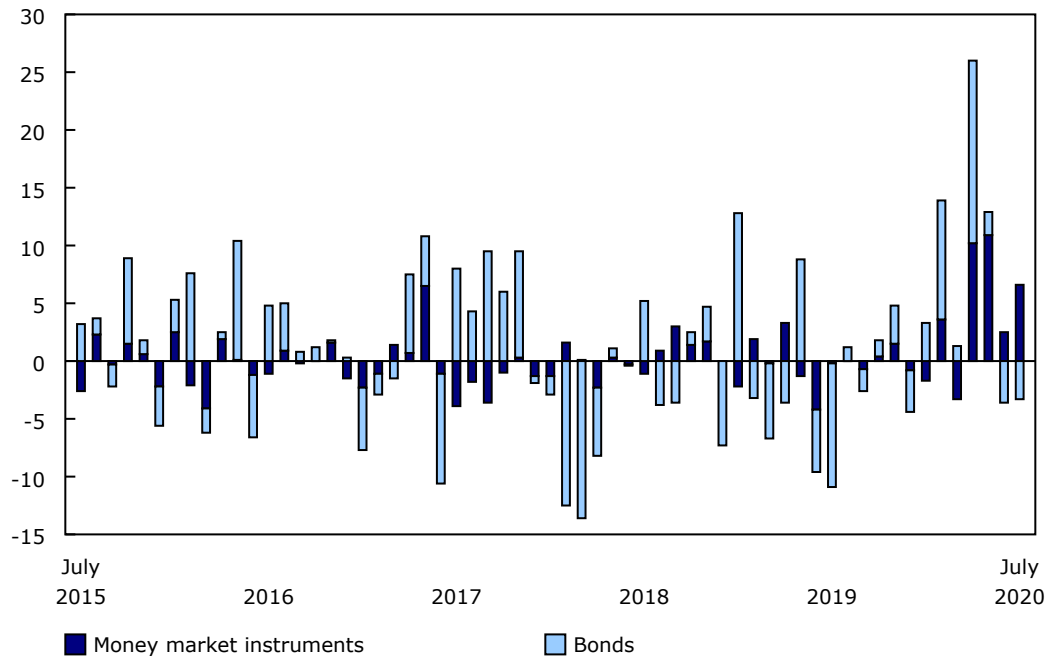


Source(s): Table 36-10-0028-01.

Foreign investment in Canadian short-term debt securities totalled \$7.4 billion in July, the largest investment since October 2016. Non-residents purchased \$6.6 billion of federal government short-term debt securities in the month, adding to unprecedented purchases of \$23.6 billion recorded in the second quarter. Foreign holdings of these instruments nearly tripled since March. In July, Canadian short-term interest rates declined to their lowest levels since February 2010.

Chart 3
Foreign investment in federal government debt securities

billions of dollars



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

Foreign investment in Canadian equity securities resumes

Non-resident investors purchased \$458 million of Canadian equity securities in July, following nine consecutive months of divestment. Investors mainly targeted shares of the energy and mining industry in the month. Canadian stock prices, as measured by the S&P/TSX composite index, were up for a fourth straight month, rising 4.2% in July.

Canadian investment in US shares continues

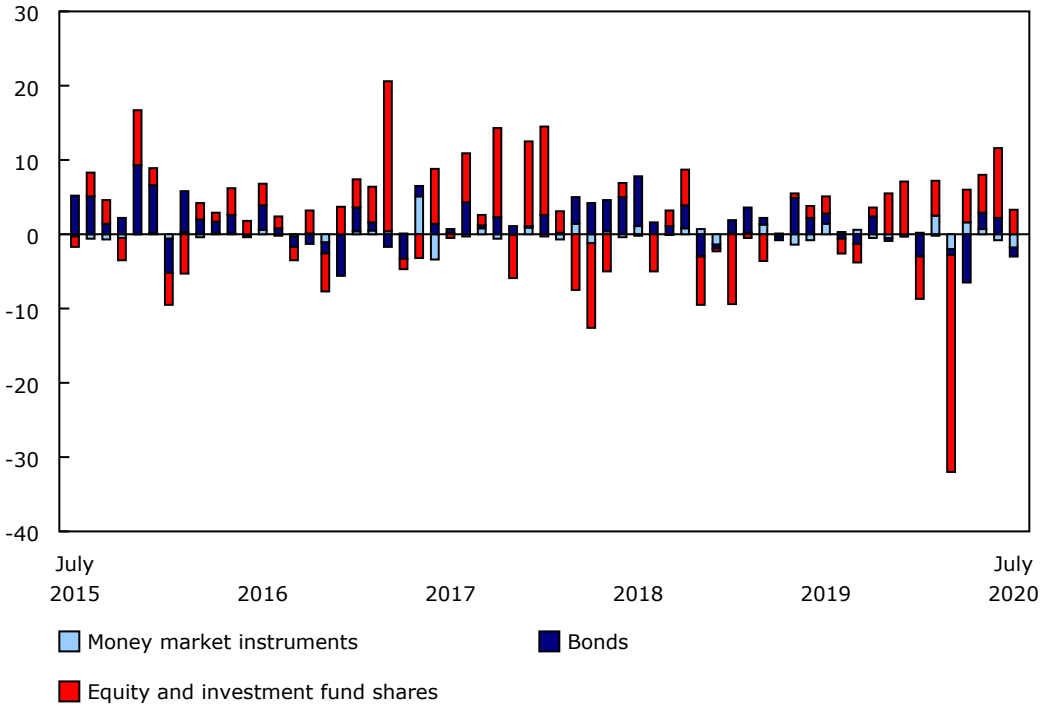
Canadian investment in foreign securities amounted to \$1.3 billion in July, following a \$10.6 billion investment in June. Canadian investors purchased \$3.3 billion of US shares, a fourth consecutive monthly investment for a total amount of \$22.2 billion. This cumulative investment followed a divestment of \$29.2 billion recorded in March. US stock prices, as measured by the S&P 500 composite index, reached a new record high in July.

Canadian investors reduce their exposure to US Treasury instruments

Canadian investors reduced their holdings of foreign debt securities by \$861 million in July. Investors sold \$2.4 billion of US Treasury instruments. This divestment was moderated by investment in non-US foreign bonds, mainly United Kingdom government bonds. In July, Canadian short-term interest rates continued to exceed US rates and the Canadian dollar appreciated against the US dollar for a fourth straight month.

Chart 4
Canadian investment in US securities, by instrument type

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.

Customized data tables with additional details are available upon request, subject to the availability of the information.

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 2020	June 2020	July 2020	January to July 2019	January to July 2020
millions of dollars					
Foreign investment in Canadian securities	22,392	-14,134	-8,521	28,859	78,009
Debt securities	32,342	-8,428	-8,979	27,061	110,756
Money market instruments	7,363	-2,007	7,394	-4,486	11,831
Governments	12,674	-152	5,841	-5,321	24,008
Federal government	10,903	2,517	6,646	-2,922	28,859
Other governments	1,771	-2,669	-805	-2,400	-4,850
Corporations	-5,312	-1,855	1,553	835	-12,179
Government business enterprises	-3,523	-2,045	726	-2,512	2,988
Private corporations	-1,789	190	827	3,348	-15,167
Bonds	24,980	-6,421	-16,373	31,547	98,925
Governments	5,683	-8,235	3,509	-3,457	45,529
Federal government	1,981	-3,623	-3,279	-7,780	25,829
Other governments	3,702	-4,612	6,789	4,324	19,699
Corporations	19,297	1,813	-19,883	35,004	53,394
Government business enterprises	6,993	-2,903	-2,493	3,929	8,166
Private corporations	12,304	4,717	-17,390	31,075	45,231
Equity and investment fund shares	-9,950	-5,706	458	1,798	-32,746
Shares	-9,911	-5,537	1,100	1,842	-29,807
Investment fund shares	-39	-169	-642	-45	-2,939
Canadian investment in foreign securities	13,521	10,616	1,293	18,553	-19,722
Debt securities	3,672	-370	-861	23,042	-12,870
Money market instruments	824	-1,001	-1,262	-1,472	1,647
Bonds	2,848	631	401	24,511	-14,516
Equity and investment fund shares	9,850	10,986	2,154	-4,490	-6,851

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).