

Canada's international transactions in securities, March 2021

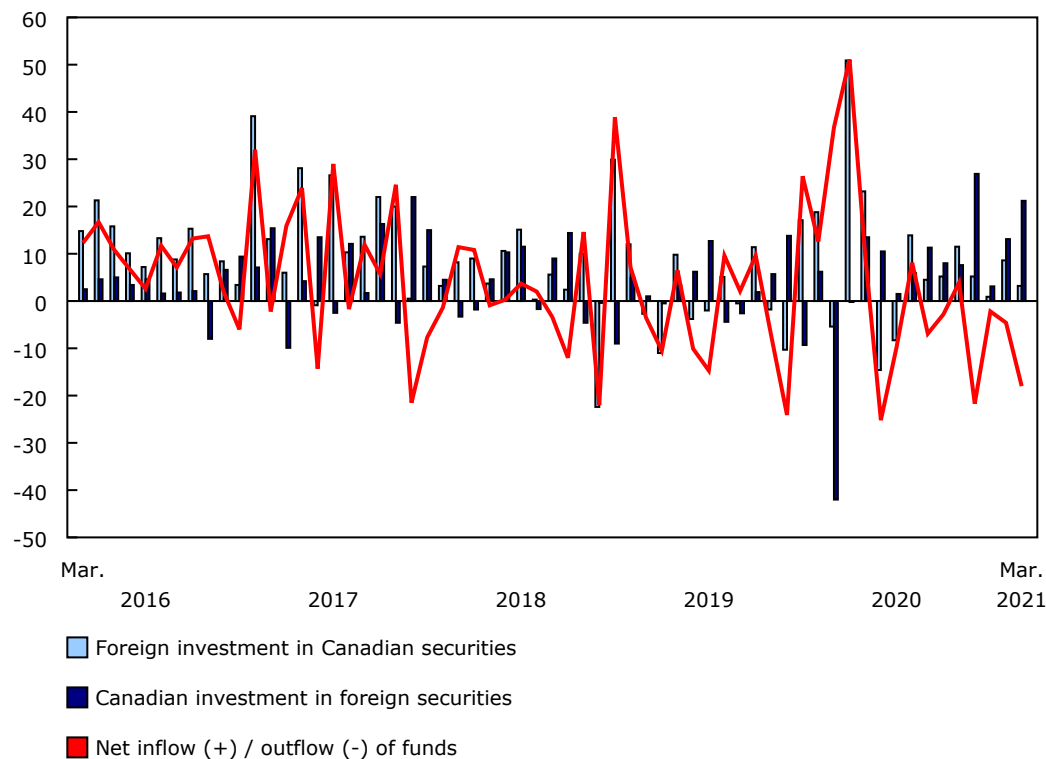
Released at 8:30 a.m. Eastern time in *The Daily*, Monday, May 17, 2021

Canadian investment in foreign securities totalled \$21.2 billion in March, mainly from purchases of US shares. Meanwhile, foreign investment in Canadian securities was \$3.2 billion, mostly in acquisitions of Canadian shares.

As a consequence, international transactions in securities generated a net outflow of funds of \$18.0 billion from the Canadian economy in the month. The outflow of funds totalled \$24.7 billion in the first quarter, the largest amount since the fourth quarter of 2007.

Chart 1
Canada's international transactions in securities

billions of dollars



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

Canadian investment in foreign securities accelerates

Canadian acquisitions of foreign securities increased to reach \$21.2 billion in March. This followed investments totalling \$13.1 billion in February and \$3.1 billion in January. After a record divestment in March 2020, at the onset of the COVID-19 pandemic, Canadian investors have acquired a total of \$122.8 billion of foreign securities since May 2020.



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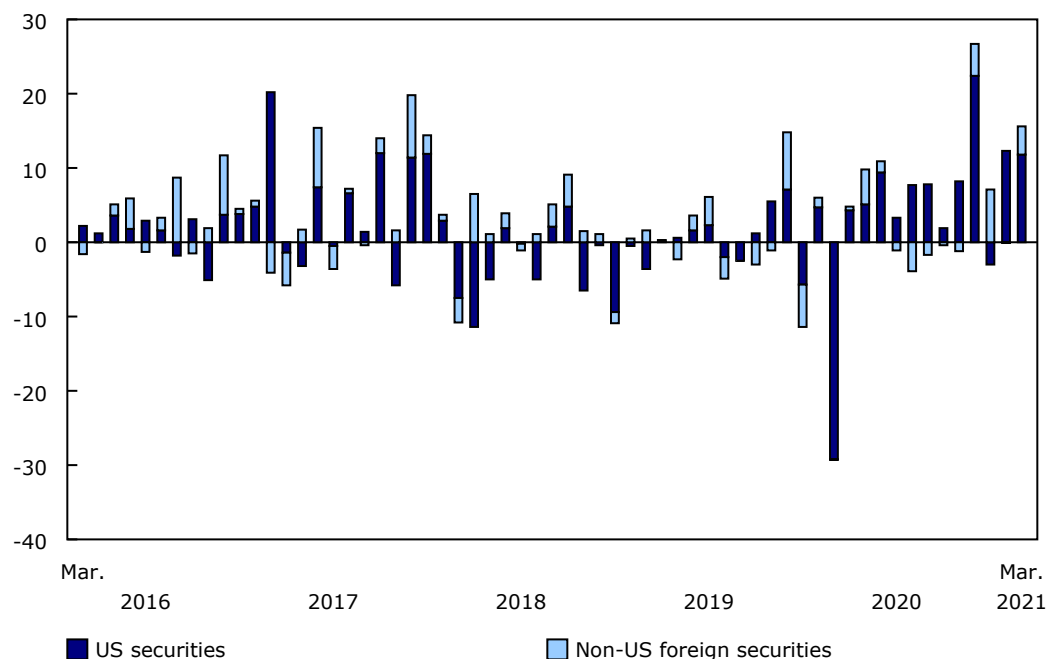
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Canada

Canadian investors added \$11.8 billion of US shares to their holdings in March, following an investment of \$12.3 billion in February. Investment activity in both months focused on shares of large capitalization technology firms and investment fund shares tracking broad market indices. US share prices, as measured by the Standard and Poor's 500 composite index, reached a record high in March, rising 4.2% in the month. In addition, Canadian investors—mostly pension funds and mutual funds—purchased \$3.8 billion of non-US foreign shares in March.

Chart 2
Canadian investment in foreign equity and investment fund shares

billions of dollars



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

Meanwhile, Canadian investors increased their holdings of foreign debt securities by \$5.6 billion, the largest investment since October 2020. Acquisitions of US corporate bonds amounted to a record high of \$5.3 billion over the month, mainly Canadian dollar denominated instruments. In March, the Canadian dollar appreciated against most major foreign currencies, and reached its highest level compared with the US dollar since January 2018.

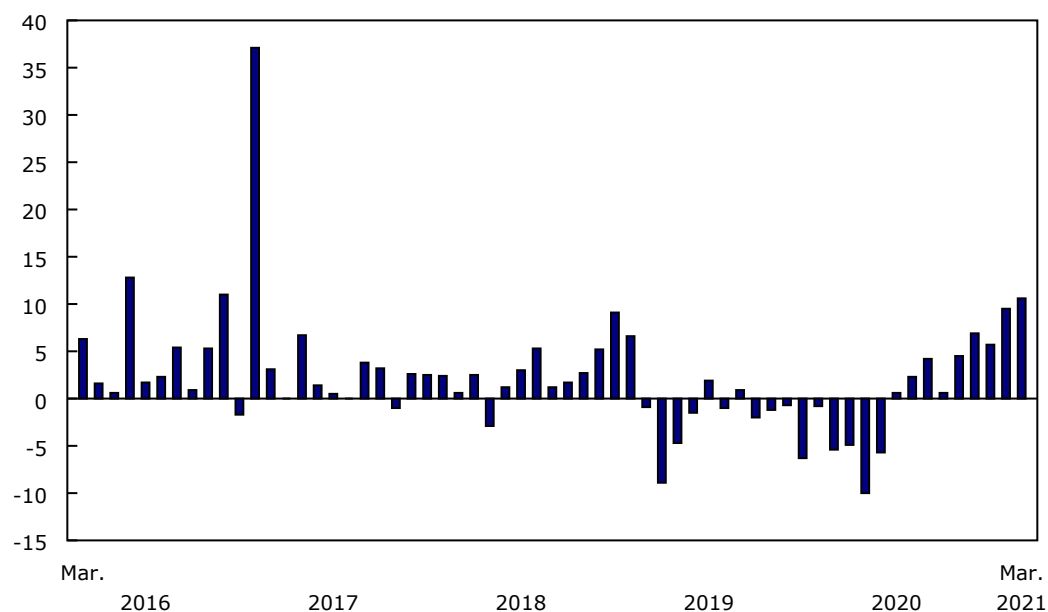
Foreign investment in Canadian shares remains strong

Non-resident investors added \$3.2 billion of Canadian securities to their holdings in March. The activity over the month reflected continued strong foreign acquisitions of shares, moderated by net retirements of private corporate bonds.

Foreign investment in Canadian shares remained strong in March to reach \$10.6 billion, compared with \$9.5 billion in February. After focusing on shares of Canadian banks in February, foreign acquisitions mainly targeted shares of trade and transportation, as well as non-bank financial industries in March. Canadian equity prices, as measured by the Standard and Poor's/Toronto Stock Exchange (S&P TSX) composite index, reached record high levels by the end of the month.

Chart 3
Foreign investment in Canadian equity and investment fund shares

billions of dollars

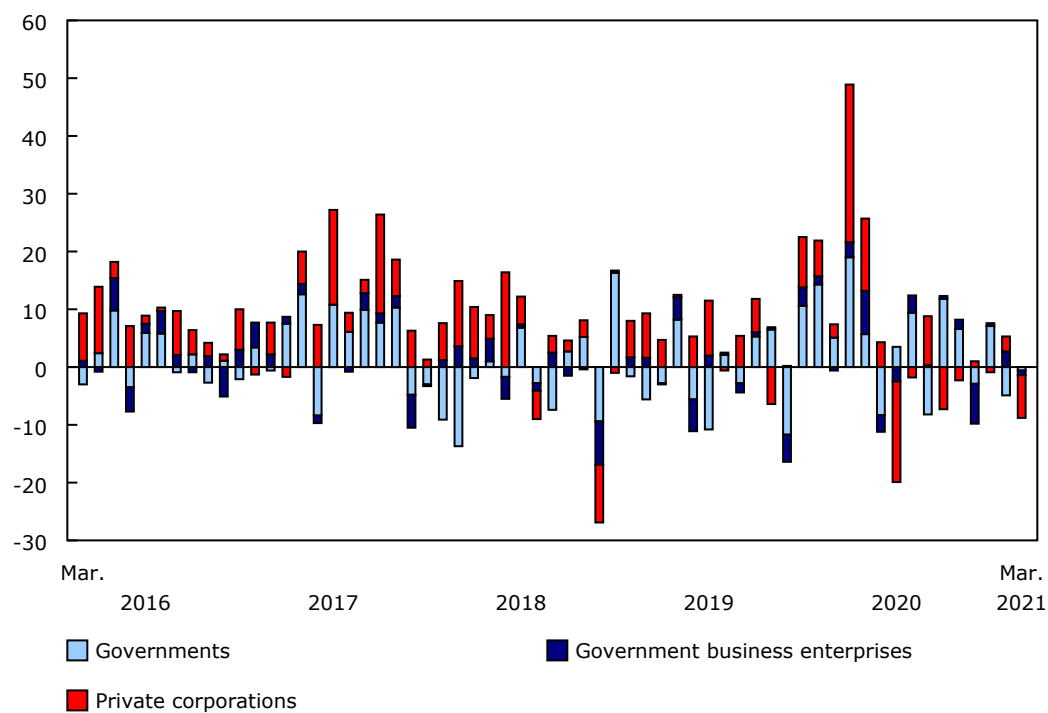


Source(s): Table [36-10-0028-01](#).

Alternatively, foreign investors reduced their holdings of Canadian debt securities by \$7.3 billion in March, led by retirements of bonds. Specifically, net retirements of Canadian private corporate bonds amounted to \$9.5 billion, mainly covered bonds denominated in Canadian dollar and euro (debt securities issued by banks with residential mortgages as collaterals). Lastly, foreign investors slightly increased their exposure to government debt securities in March, the first increase in four months. In March, Canadian long-term interest rates continued an upward trend, rising to their highest levels since December 2019.

Chart 4
Foreign investment in Canadian bonds, by sector of issuer

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 international accounts.

Equity and investment fund shares include common and preferred equities, as well as units or shares of investment funds. For the sake of brevity, the terms "shares" and "equity and investment fund shares" have the same meaning.

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 April will be released on June 17.

Table 1
Canada's international transactions in securities

	January 2021	February 2021	March 2021	January to March 2020	January to March 2021
millions of dollars					
Foreign investment in Canadian securities	915	8,560	3,248	30,585	12,723
Debt securities	-4,789	-944	-7,307	43,104	-13,040
Money market instruments	-11,560	-1,402	1,464	-7,948	-11,498
Governments	-7,896	-6,020	721	-6,945	-13,195
Federal government	-7,715	-5,592	-491	-1,414	-13,798
Other governments	-181	-428	1,212	-5,530	603
Corporations	-3,664	4,619	742	-1,004	1,697
Government business enterprises	1,373	2,731	1,246	7,001	5,350
Private corporations	-5,037	1,888	-503	-8,005	-3,652
Bonds	6,771	457	-8,771	51,053	-1,543
Governments	7,139	-4,908	-606	29,900	1,625
Federal government	-3,158	-5,628	-1,672	19,440	-10,458
Other governments	10,297	720	1,066	10,459	12,083
Corporations	-369	5,365	-8,164	21,154	-3,168
Government business enterprises	484	2,723	-764	3,998	2,443
Private corporations	-853	2,642	-7,400	17,156	-5,611
Equity and investment fund shares	5,704	9,504	10,555	-12,519	25,763
Shares	5,630	9,062	10,431	-10,885	25,123
Investment fund shares	74	442	124	-1,633	640
Canadian investment in foreign securities	3,099	13,116	21,223	-45,101	37,438
Debt securities	-959	963	5,555	-10,346	5,559
Money market instruments	84	-1,189	1,504	1,679	399
Bonds	-1,043	2,152	4,051	-12,024	5,160
Equity and investment fund shares	4,058	12,153	15,669	-34,754	31,880

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](#), [36-10-0584-01](#) and [36-10-0642-01](#).

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-ligneinfomedias.STATCAN@canada.ca).