

Canada's international transactions in securities, July 2021

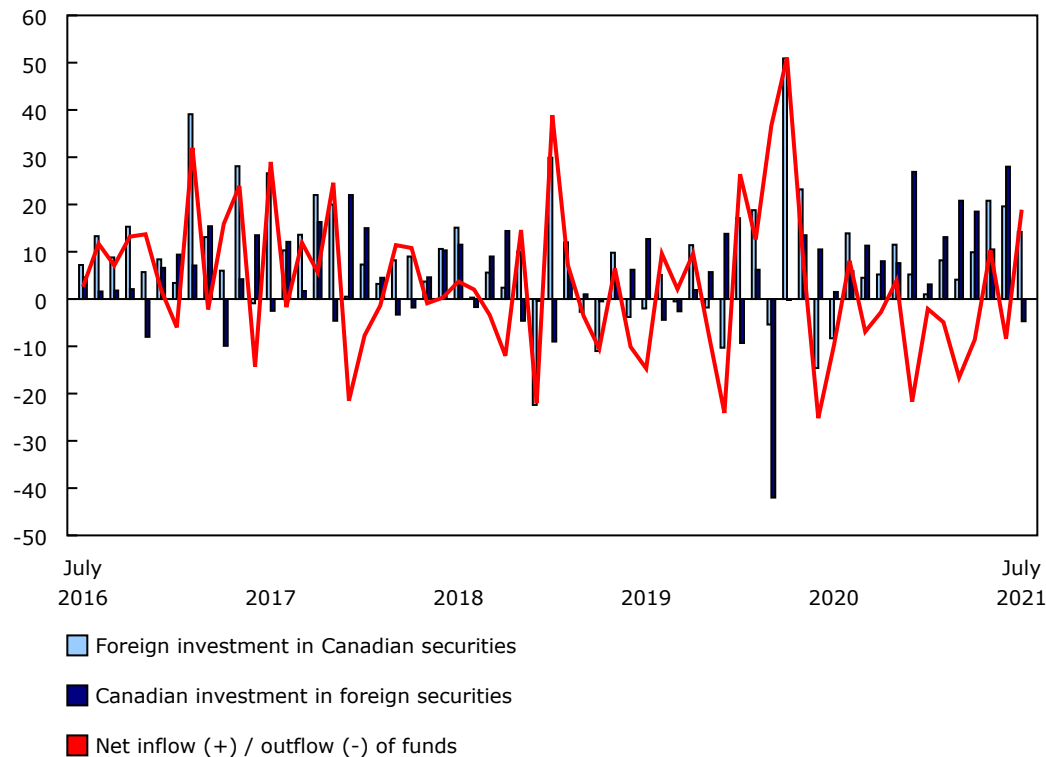
Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, September 16, 2021

Foreign investors acquired \$14.2 billion of Canadian securities in July, led by purchases of government debt securities. At the same time, Canadian investors reduced their holdings of foreign securities by \$4.7 billion, following a record investment of \$28.0 billion in June.

As a result, international transactions in securities generated a net inflow of funds of \$18.9 billion in the Canadian economy in July.

Chart 1
Canada's international transactions in securities

billions of dollars



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

Foreign investment in Canadian securities focuses on government debt instruments

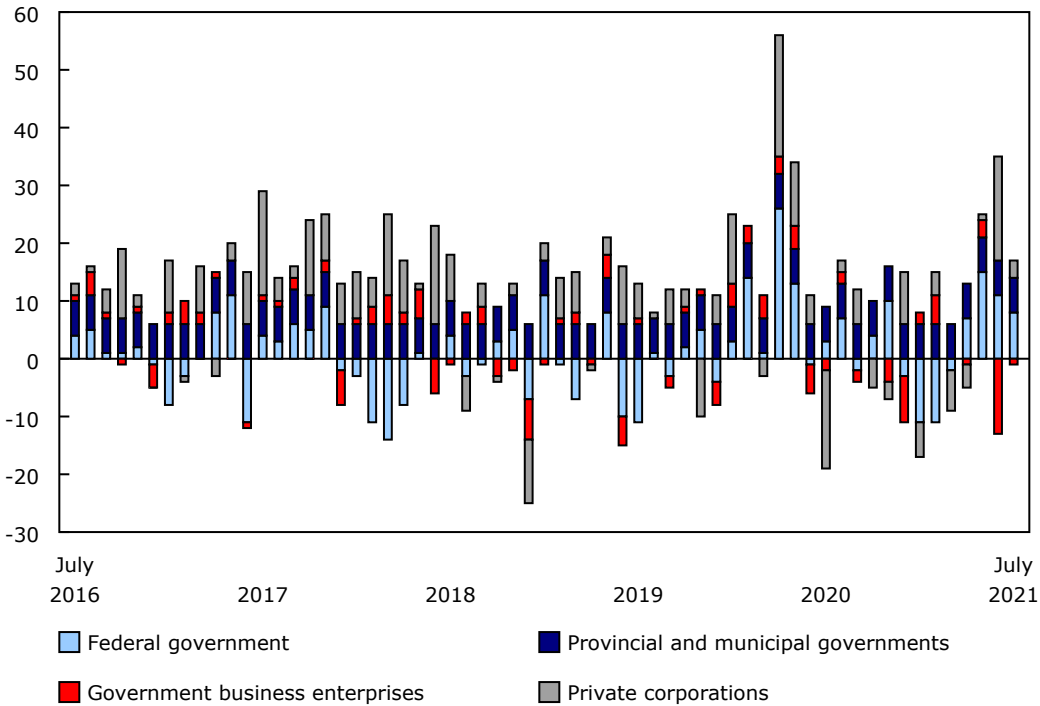
Non-resident investors acquired \$14.2 billion of Canadian securities in July, a 12th consecutive month of investment in these instruments, for a total of \$118.1 billion. Foreign investment targeted government debt securities. A foreign divestment in Canadian equities moderated the overall acquisition activity in the month.



Foreign investors added \$13.5 billion of government debt securities to their portfolios in July. This activity largely reflected acquisitions of federal government debt instruments (\$8.1 billion) and provincial government bonds (\$5.4 billion). In addition, non-resident investors added \$6.0 billion of Canadian private corporate bonds to their holdings, mainly foreign currency-denominated instruments of Canadian chartered banks.

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

billions of dollars



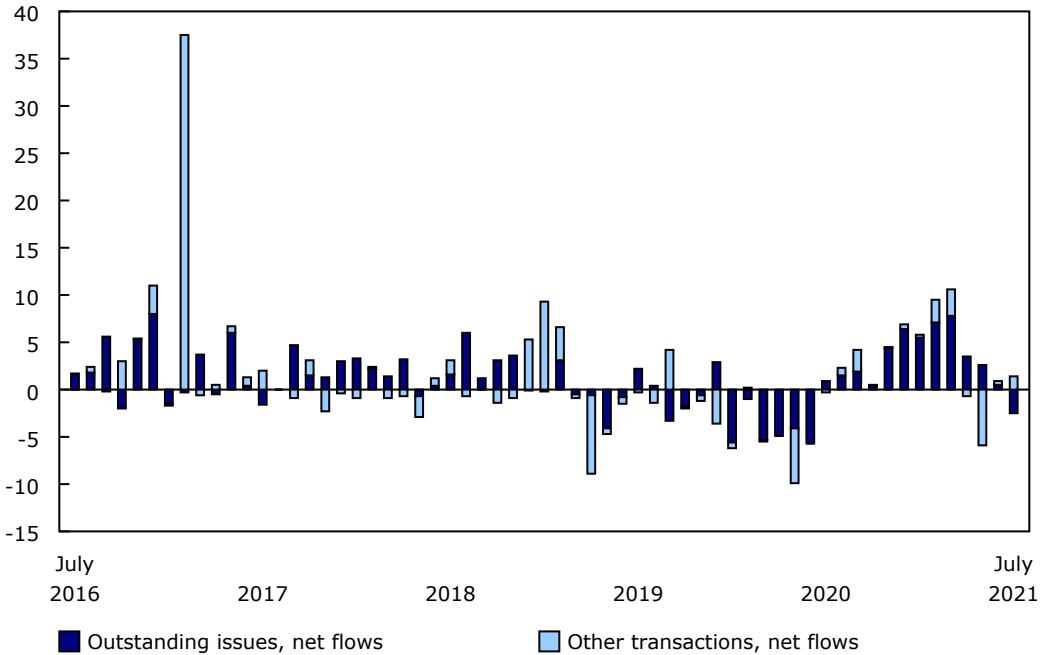
Source(s): Table 36-10-0028-01.

In July, Canadian long-term interest rates fell by 14 basis points, the largest decline since April 2020. Meanwhile, the Canadian dollar depreciated against its US counterpart by 0.4 US cents.

Non-resident investors reduced their holdings of Canadian equity securities by \$1.1 billion in July, a second divestment in three months. This activity was driven by sales of shares on the secondary market, moderated by new issuances resulting primarily from cross-border mergers and acquisitions. On an industry basis, the reduction targeted shares of Canadian chartered banks. Canadian equity prices, as measured by the Standard and Poor's/TSX composite index, rose 0.6% in July, the lowest increase in six months.

Chart 3
Foreign investment in Canadian equity and investment fund shares, by type of transaction

billions of dollars



Source(s): Table 36-10-0033-01.

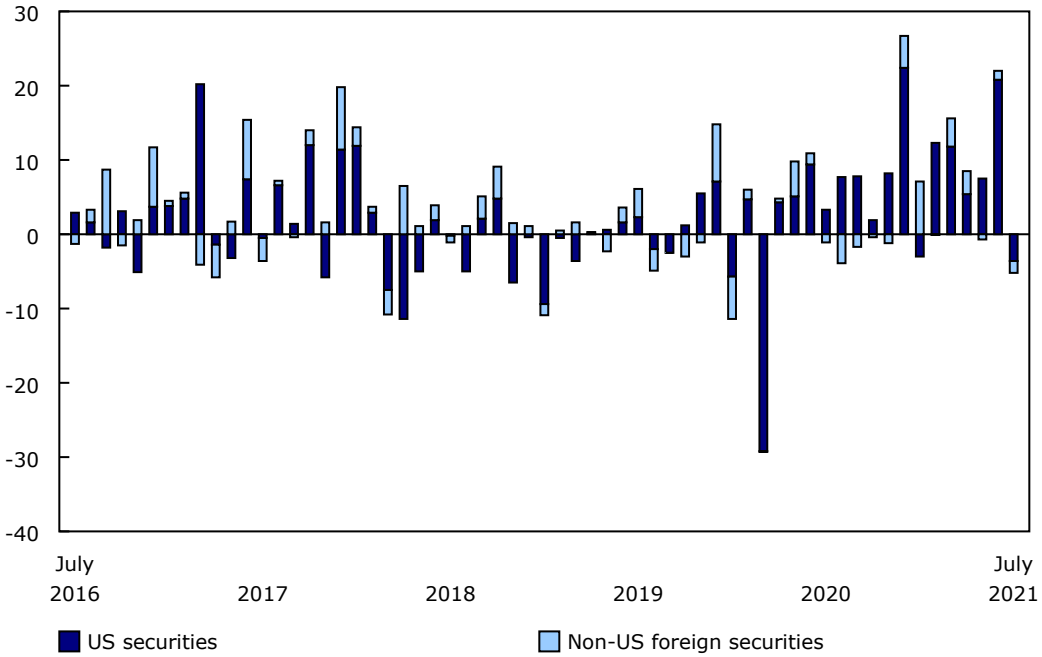
Canadian investors reduce their exposure to foreign equities

Canadian investors reduced their holdings of foreign securities by \$4.7 billion in July, following a record investment of \$28.0 billion in June. The divestment activity in the month was mainly in foreign equities, moderated by investment in foreign debt securities.

Canadian investors reduced their exposure to foreign equities by \$5.2 billion in July, their first divestment since March 2020, at the onset of the pandemic. Investors sold \$3.6 billion of US shares and \$1.6 billion of non-US shares in the month. US stock prices, as measured by the Standard and Poor's 500 composite index, were up to record levels by the end of July.

Chart 4
Canadian investment in foreign equity and investment fund shares

billions of dollars



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

On the other hand, Canadian investors acquired \$1.1 billion of foreign bonds in July, a sixth consecutive monthly investment. The activity was led by purchases of non-US foreign bonds (\$1.9 billion) and US corporate bonds (\$1.3 billion). This investment was moderated by sales of \$2.1 billion of US government bonds. In July, US long-term interest rates fell to their lowest levels since February.

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 August will be released on October 18, 2021.

Table 1
Canada's international transactions in securities

	May 2021	June 2021	July 2021	January to July 2020	January to July 2021
	millions of dollars				
Foreign investment in Canadian securities	20,829	19,644	14,187	81,692	77,895
Debt securities	24,108	18,705	15,253	114,154	52,710
Money market instruments	6,324	18,763	874	11,831	15,775
Governments	11,778	16,302	4,309	24,008	18,114
Federal government	9,752	10,959	4,371	28,859	10,126
Other governments	2,025	5,343	-62	-4,850	7,986
Corporations	-5,454	2,461	-3,435	-12,179	-2,337
Government business enterprises	151	-1,302	-473	2,988	4,449
Private corporations	-5,605	3,762	-2,962	-15,167	-6,787
Bonds	17,785	-57	14,379	102,324	36,936
Governments	8,963	-2,686	9,164	49,765	29,748
Federal government	5,726	121	3,686	30,325	7,477
Other governments	3,237	-2,807	5,478	19,438	22,271
Corporations	8,822	2,628	5,215	52,560	7,186
Government business enterprises	2,670	-11,789	-740	8,735	-8,758
Private corporations	6,152	14,417	5,955	43,825	15,944
Equity and investment fund shares	-3,279	938	-1,066	-32,462	25,184
Shares	-3,266	1,194	-1,237	-29,513	24,299
Investment fund shares	-28	-269	170	-2,947	730
Canadian investment in foreign securities	10,530	27,998	-4,689	-19,722	89,360
Debt securities	3,683	6,066	496	-12,678	25,478
Money market instruments	-972	948	-566	1,647	259
Bonds	4,656	5,117	1,061	-14,324	25,218
Equity and investment fund shares	6,846	21,932	-5,185	-7,043	63,881

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-ligneinformedias.STATCAN@canada.ca).