

Canada's international transactions in securities, October 2021

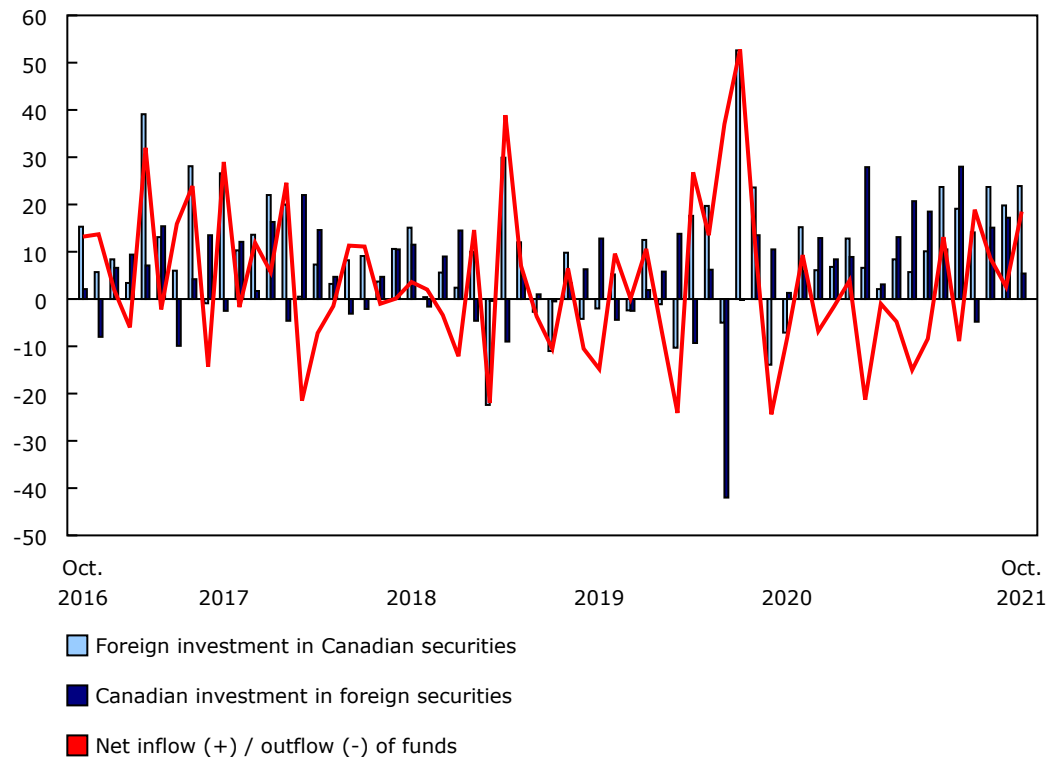
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, December 17, 2021

Foreign investors acquired \$23.9 billion of Canadian securities in October, the largest investment since April 2020. At the same time, Canadian investors increased their holdings of foreign securities by \$5.4 billion, led by record purchases of non-US foreign bonds.

As a result, international transactions in securities generated a net inflow of funds of \$18.5 billion in the Canadian economy in October.

Chart 1
Canada's international transactions in securities

billions of dollars



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

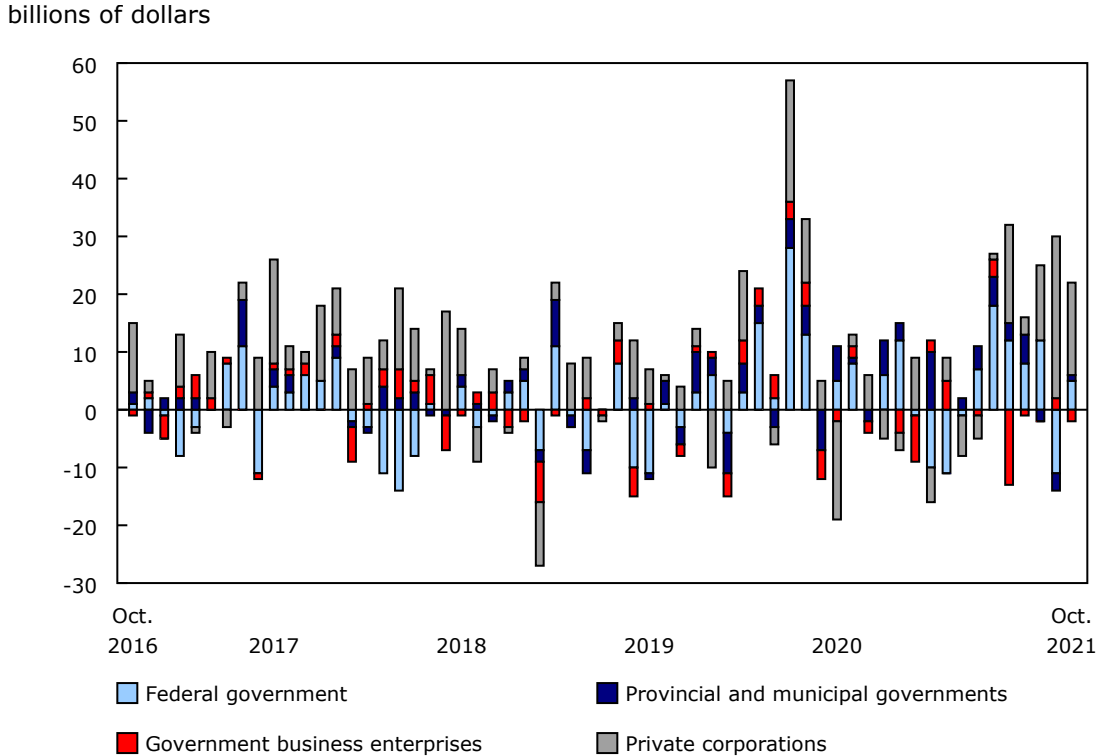
Foreign investment in Canadian securities focuses on Canadian bonds

Foreign acquisitions of Canadian securities totalled \$23.9 billion in October, the largest investment since April 2020, when a record investment was observed in the backdrop of the first wave of the COVID-19 pandemic in Canada. Foreign investment targeted private corporate bonds and federal government bonds in October. Moreover, non-resident investors added \$3.5 billion of Canadian shares to their portfolios, the largest investment in seven months.



Foreign acquisitions of Canadian bonds reached \$27.6 billion, the largest investment since April 2020. Non-resident investors acquired \$19.4 billion of private corporate bonds in October, adding to September's purchases of \$25.4 billion. Foreign investment in both months targeted new bonds denominated in foreign currencies and issued by Canadian chartered banks. In addition, foreign investors resumed their investment in federal government bonds, buying \$8.4 billion in October after a divestment of \$8.0 billion in September. A foreign divestment of \$7.2 billion in money market instruments, largely corporate paper and federal T-bills, moderated the overall acquisition activity in the month.

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



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

In October, Canadian long-term interest rates continued an upward trend. Meanwhile, the Canadian dollar appreciated against the US dollar after four consecutive months of depreciation.

Foreign investors acquired \$3.5 billion of Canadian equity securities in October, following an investment of \$3.2 billion in September. Foreign investment mainly targeted shares of the trade and transportation industry in October. Canadian share prices, as measured by the Standard and Poor's/TSX composite index, went up by 4.8% in October, after a decline in September.

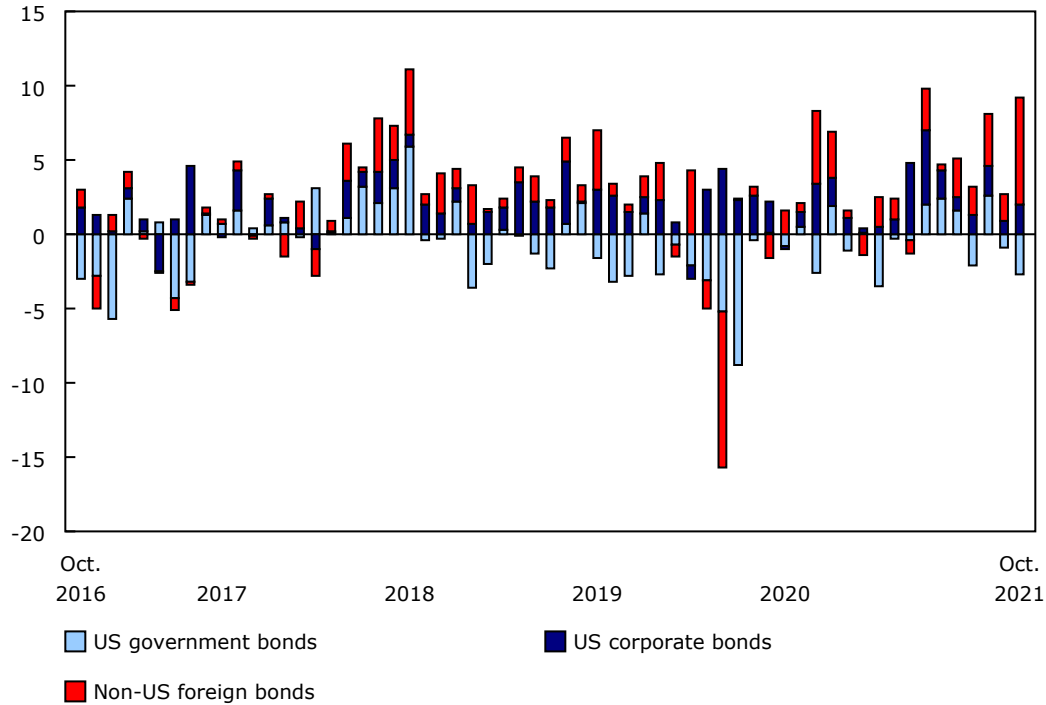
Canadian investment in foreign securities slows

Canadian investors acquired \$5.4 billion of foreign securities in October, following two consecutive months of strong purchases. Investment activity in the month was led by acquisitions of non-US foreign bonds, moderated by a divestment in non-US foreign shares. In contrast, purchases in previous months largely targeted the US stock market.

Canadian investment in non-US foreign bonds reached a record of \$7.2 billion in October, mainly purchases of European government bonds. Meanwhile, Canadian investors sold \$2.7 billion of US government bonds, their largest divestment since January. Since the beginning of the year, acquisitions of non-US foreign bonds have totalled \$22.8 billion, compared with \$1.3 billion during the same period in 2020. In October 2021, US long-term interest rates had their largest increase since March.

Chart 3
Canadian investment in foreign bonds

billions of dollars

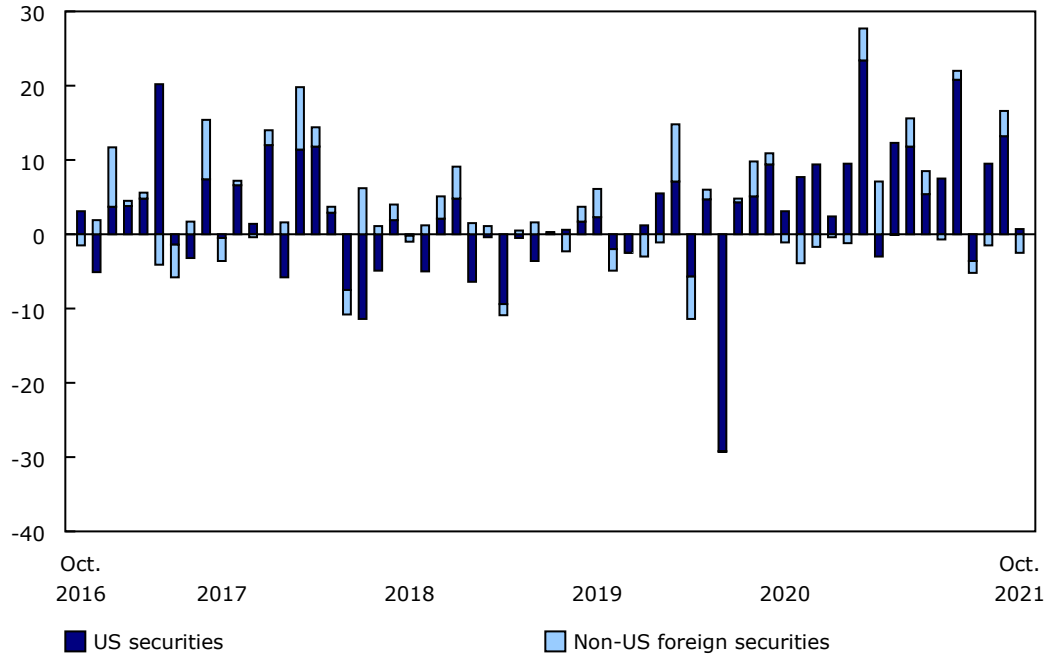


Source(s): Table 36-10-0028-01.

Canadian investors reduced their exposure to foreign shares by \$1.8 billion in October, after investing \$16.6 billion in September and \$8.0 billion in August. Investors sold \$2.5 billion of non-US shares in October, mainly Asian shares. This activity was moderated by a \$652 million investment in US shares. US stock prices, as measured by the Standard and Poor's 500 composite index, were up by 6.0% in October to reach a record-high level.

Chart 4
Canadian investment in foreign equity and investment fund shares

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 November 2021 will be released on January 17, 2022.

Table 1
Canada's international transactions in securities

	August 2021	September 2021	October 2021	January to October 2020	January to October 2021
millions of dollars					
Foreign investment in Canadian securities	23,683	19,782	23,923	115,528	150,583
Debt securities	23,409	16,567	20,414	140,926	118,658
Money market instruments	3,904	929	-7,184	12,082	13,424
Governments	-1,924	-3,276	-4,081	24,770	8,833
Federal government	-1,382	-2,813	-3,659	31,690	2,272
Other governments	-542	-463	-421	-6,919	6,560
Corporations	5,827	4,205	-3,103	-12,690	4,592
Government business enterprises	-1,048	1,323	-175	-715	4,549
Private corporations	6,875	2,882	-2,929	-11,976	41
Bonds	19,505	15,638	27,598	128,843	105,235
Governments	11,874	-10,722	10,065	73,063	48,106
Federal government	12,976	-8,040	8,352	46,549	27,918
Other governments	-1,102	-2,682	1,713	26,514	20,188
Corporations	7,631	26,360	17,533	55,780	57,131
Government business enterprises	1,440	978	-1,878	12,483	-8,218
Private corporations	6,191	25,382	19,411	43,296	65,346
Equity and investment fund shares	274	3,215	3,509	-25,395	31,924
Shares	195	3,139	3,615	-21,814	31,150
Investment fund shares	79	76	-106	-3,580	774
Canadian investment in foreign securities	15,084	17,164	5,408	7,232	126,917
Debt securities	7,131	522	7,226	1,030	40,340
Money market instruments	-943	-1,260	723	736	-1,247
Bonds	8,074	1,782	6,504	295	41,587
Equity and investment fund shares	7,953	16,642	-1,818	6,204	86,576

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](#).

Please note that the tables available on the [website](#) represent a subset of the data available with this release. The full dataset is available upon request by contacting Vivian Niu (chenvivian.niu@statcan.gc.ca).

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; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).