

Canada's international transactions in securities, March 2022

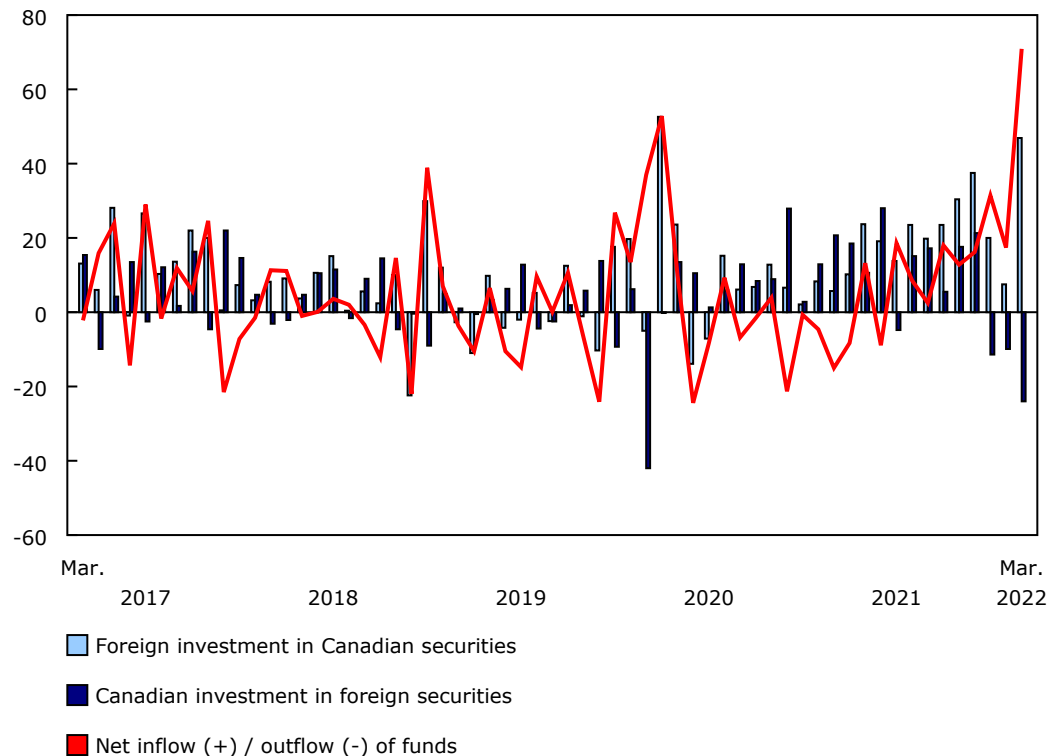
Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, May 17, 2022

Foreign investors acquired \$46.9 billion of Canadian securities in March, the largest investment since April 2020. At the same time, Canadian investors reduced their holdings of foreign securities by \$24.0 billion, following a \$9.9 billion divestment in February.

As a result, international transactions in securities generated an unprecedented net inflow of funds of \$70.9 billion in the Canadian economy in March. The inflow of funds totalled \$119.7 billion in the first quarter, by far the largest amount ever observed since data have been compiled. This activity occurred against the backdrop of rising interest rates and prices and uncertainty related to the global geopolitical situation.

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 corporate instruments

Foreign investment in Canadian securities reached \$46.9 billion in March, the largest investment since April 2020. Foreign investors mostly added Canadian corporate instruments to their holdings in the month. For the first quarter of 2022, foreign investment in Canadian securities totalled \$74.5 billion, compared with \$16.1 billion for the same period in 2021.



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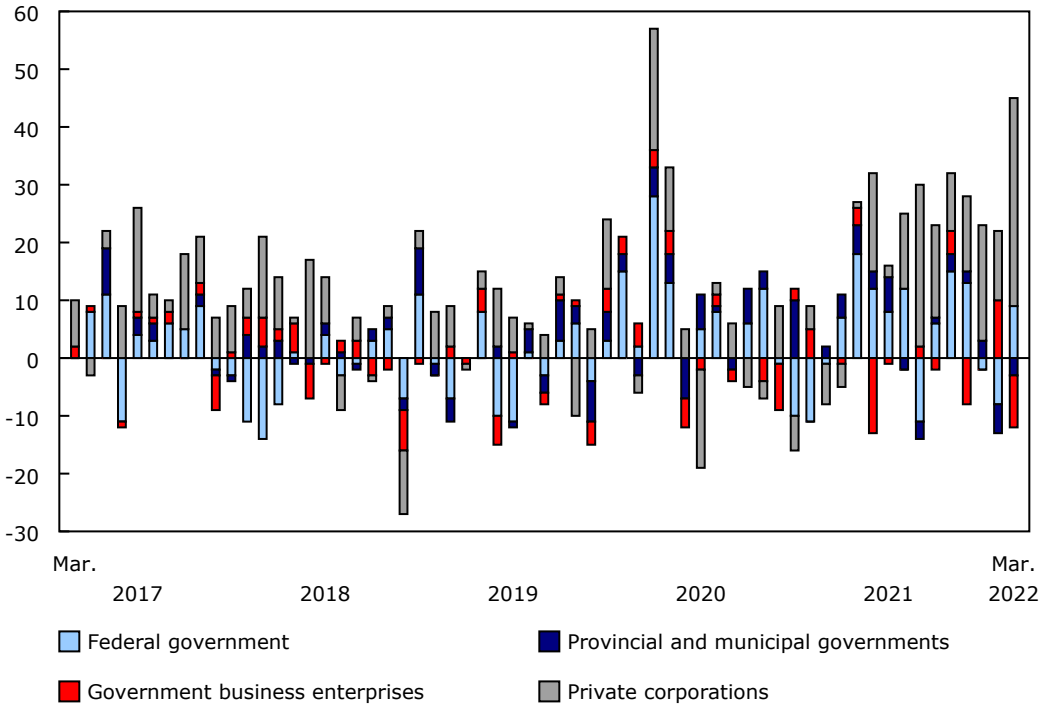
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Foreign acquisitions of Canadian bonds amounted to \$30.3 billion in March. Non-resident investors acquired \$30.6 billion of private corporate bonds, adding to purchases of \$37.2 billion recorded in the first two months of the year. The activity in March mainly targeted new bonds denominated in foreign currencies and issued by Canadian chartered banks. In addition, foreign investors increased their holdings of federal government bonds by \$7.0 billion. In March, Canadian long-term interest rates have reached the highest levels since October 2018.

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

billions of dollars

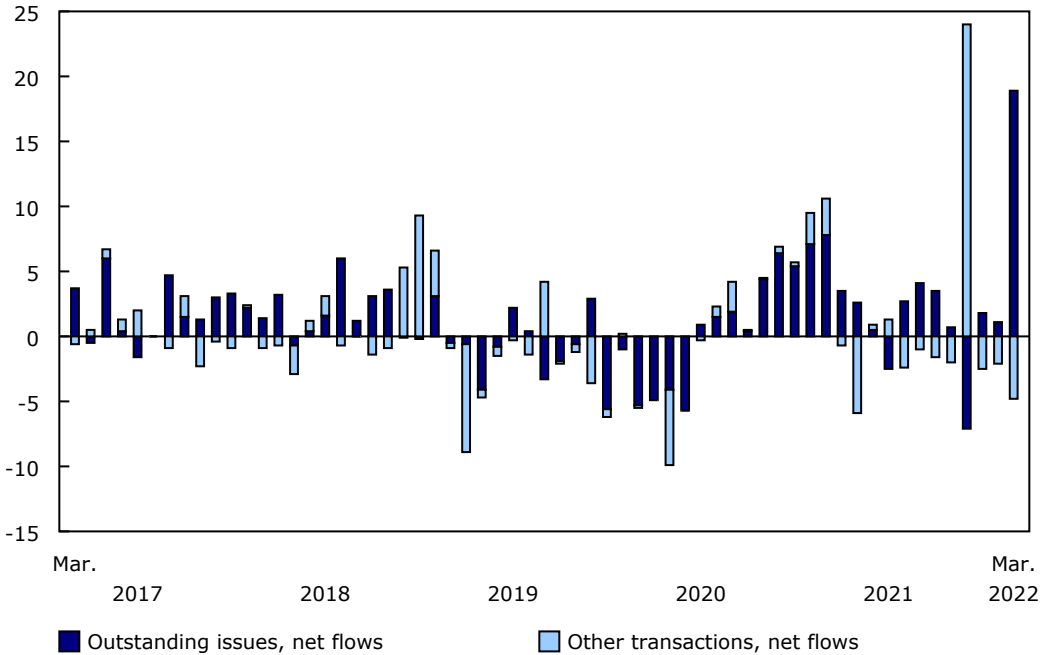


Source(s): Table 36-10-0028-01.

Foreign investment in Canadian shares amounted to \$14.1 billion in March, led by shares of the manufacturing, as well as the trade and transportation industries. Canadian share prices, as measured by the Standard and Poor's/Toronto Stock Exchange composite index, went up 3.6% in March to reach a record-high level.

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.

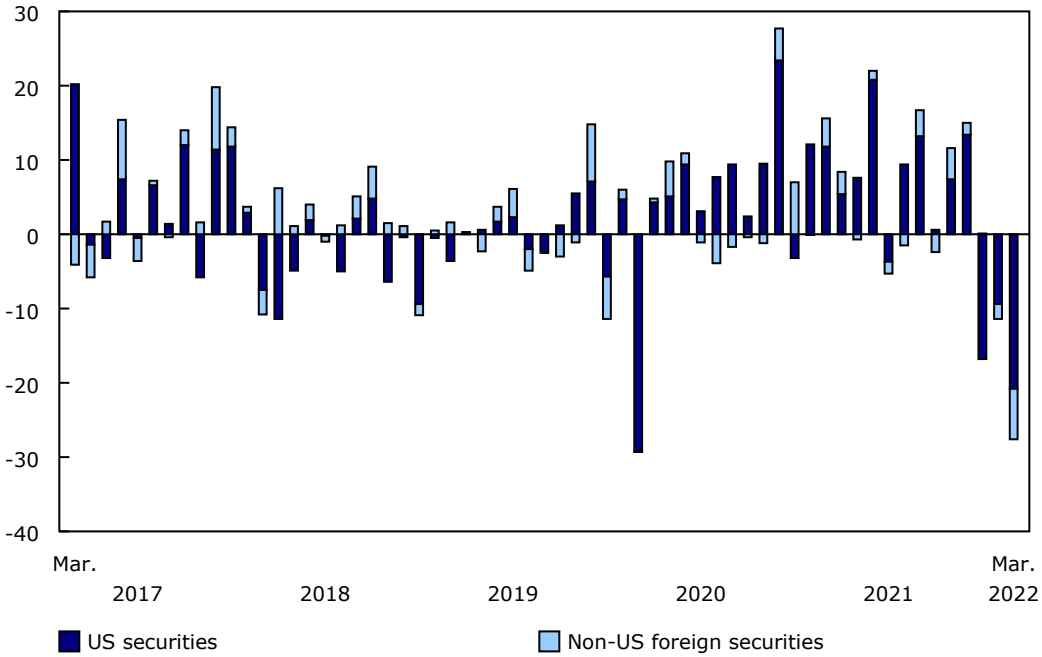
Largest Canadian divestment in foreign securities since March 2020

Canadian investors reduced their holdings of foreign securities by \$24.0 billion in March, the largest decline since March 2020. The reduction in the month was mainly because of sales of foreign shares and was moderated by acquisitions of US bonds. For the first quarter of 2022, Canadian divestment in foreign securities totalled \$45.3 billion. This followed a period of strong demand for these assets with a record investment of \$165.5 billion in 2021.

Canadian investors reduced their exposure to foreign equity markets by \$27.6 billion in March. The divestment was mainly in US shares with sales totalling \$20.8 billion, notably shares of large capitalization technology firms. Meanwhile, Canadian investors reduced their exposure to non-US foreign shares by \$6.8 billion, the largest divestment since January 2016.

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 \$3.6 billion of foreign debt securities in March, mainly in the form of bonds. This activity was led by purchases of both US government bonds (+\$4.9 billion) and US corporate bonds (+\$2.8 billion) and was moderated by sales of non-US foreign bonds (-\$4.4 billion). In March, US long-term interest rates reached their highest levels since May 2019.

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. These 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 2022 will be released on June 17, 2022.

Table 1
Canada's international transactions in securities

	January 2022	February 2022	March 2022	January to March 2021	January to March 2022
millions of dollars					
Foreign investment in Canadian securities	20,020	7,493	46,938	16,137	74,451
Debt securities	20,704	8,516	32,857	-9,621	62,077
Money market instruments	-3,448	-8,371	2,579	-11,858	-9,240
Governments	-1,150	-11,694	516	-13,195	-12,328
Federal government	54	-9,125	2,017	-13,798	-7,054
Other governments	-1,204	-2,568	-1,502	603	-5,274
Corporations	-2,298	3,322	2,064	1,338	3,088
Government business enterprises	2,122	4,031	-3,714	5,350	2,439
Private corporations	-4,419	-709	5,778	-4,012	650
Bonds	24,151	16,887	30,277	2,238	71,315
Governments	1,858	-1,397	5,100	4,593	5,561
Federal government	-2,286	924	6,959	-7,474	5,597
Other governments	4,145	-2,321	-1,859	12,067	-35
Corporations	22,293	18,284	25,177	-2,357	65,754
Government business enterprises	-2,283	5,665	-5,447	2,443	-2,065
Private corporations	24,576	12,620	30,624	-4,800	67,820
Equity and investment fund shares	-683	-1,023	14,081	25,757	12,375
Shares	-745	-771	14,690	25,120	13,174
Investment fund shares	62	-252	-608	637	-798
Canadian investment in foreign securities	-11,367	-9,914	-23,983	36,487	-45,264
Debt securities	5,294	1,464	3,641	5,074	10,399
Money market instruments	39	1,141	394	415	1,574
Bonds	5,254	323	3,247	4,659	8,824
Equity and investment fund shares	-16,660	-11,378	-27,624	31,413	-55,662

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 [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.

As a complement to this release, the data visualization product "[Securities statistics](#)," part of the series *Statistics Canada – Data Visualization Products (71-607-X)*, is available online.

The *User Guide: Canadian System of Macroeconomic Accounts (13-606-G)* is also available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts (13-607-X)* is available.

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).