

Canada's international investment position, first quarter 2022

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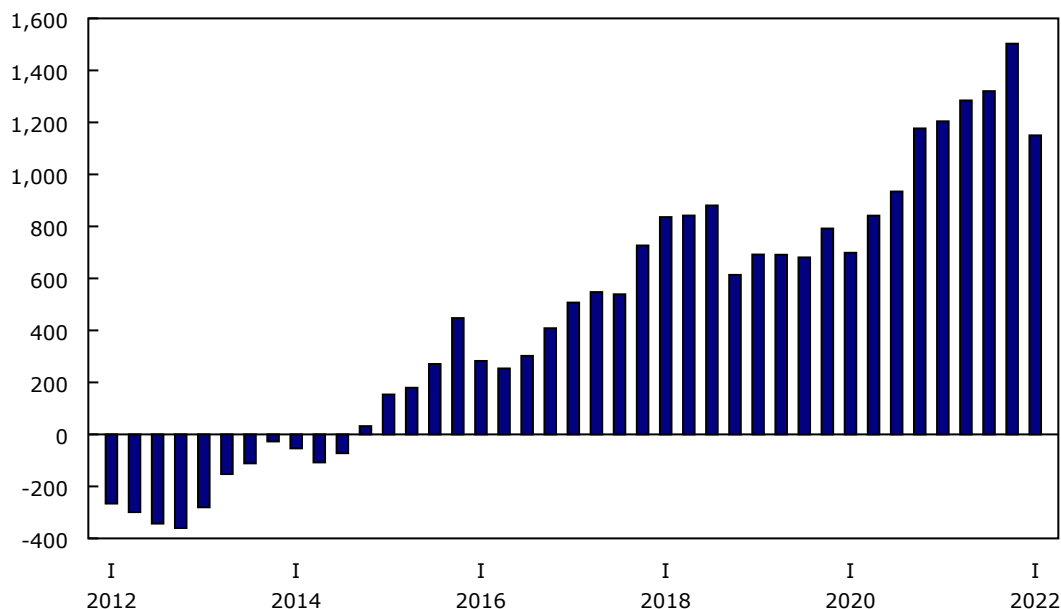
Canada's net foreign asset position, the difference between Canada's international financial assets and international liabilities, was down by \$352.6 billion to \$1,150.0 billion at the end of the first quarter of 2022, its lowest level since the end of the third quarter of 2020.

The revaluation effect resulting from market price changes (-\$248.1 billion) contributed the most to the decrease in Canada's net foreign asset position. Global stock markets moved in different directions in the first quarter. While the Canadian stock market grew by 3.1%, the US and European stock markets fell by 4.9% and 9.2%, respectively. Canada's international investment position is strongly exposed to the performance of stock markets. At the end of the first quarter, 72.5% of Canada's international assets and 48.2% of its liabilities were held in the form of equities.

The decline in the net foreign asset position was the first one since the first quarter of 2020 when global equity markets fell sharply at the onset of the COVID-19 pandemic.

Chart 1
Canada's net international investment position

billions of dollars



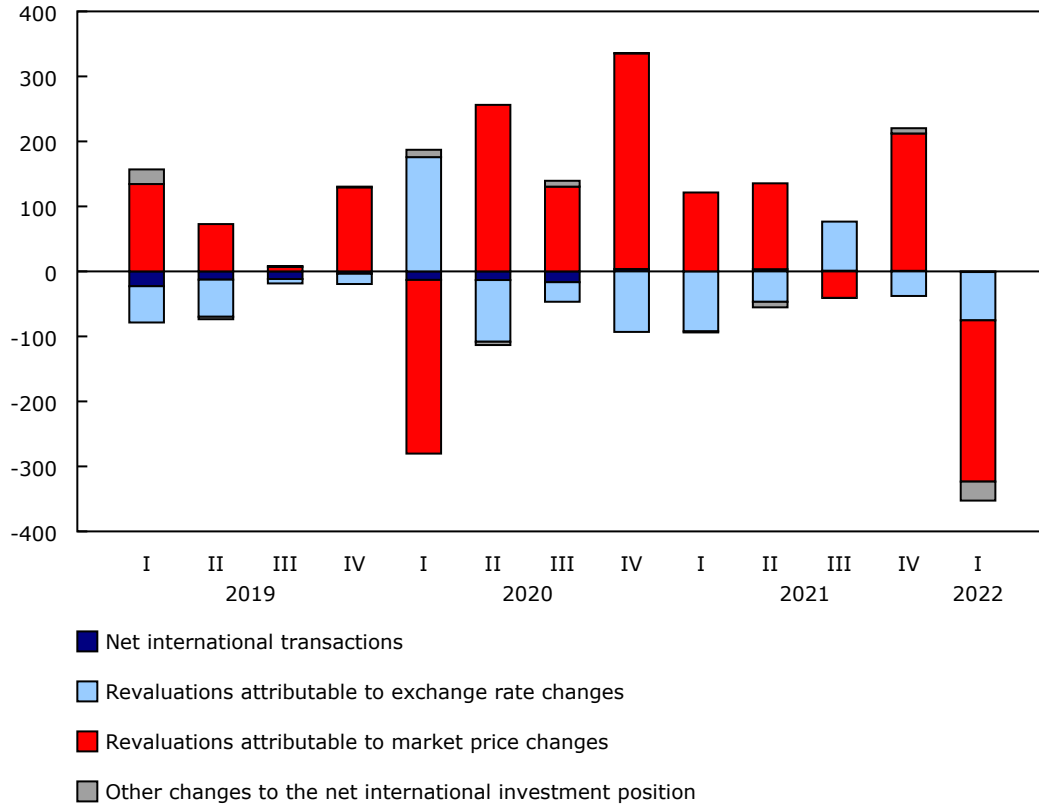
Source(s): Table 36-10-0485-01.

The revaluation effect resulting from fluctuations in exchange rates (-\$74.3 billion) further decreased Canada's net foreign asset position. Over the first quarter, the Canadian dollar gained 1.5% against the US dollar, 3.9% against the euro, and 6.9% against the Japanese yen. At the end of the quarter, 96.8% of Canada's international assets were denominated in foreign currencies, compared with 34.9% of its international liabilities.

On a geographical basis, Canada's net foreign asset position with the United States was down by \$139.6 billion to \$833.8 billion at the end of the first quarter, and was down by \$213.0 billion to \$316.2 billion with the rest of the world.

Chart 2
Contributors to the change in the net international investment position

billions of dollars



Source(s): Table 36-10-0454-01.

Canada's international assets down significantly

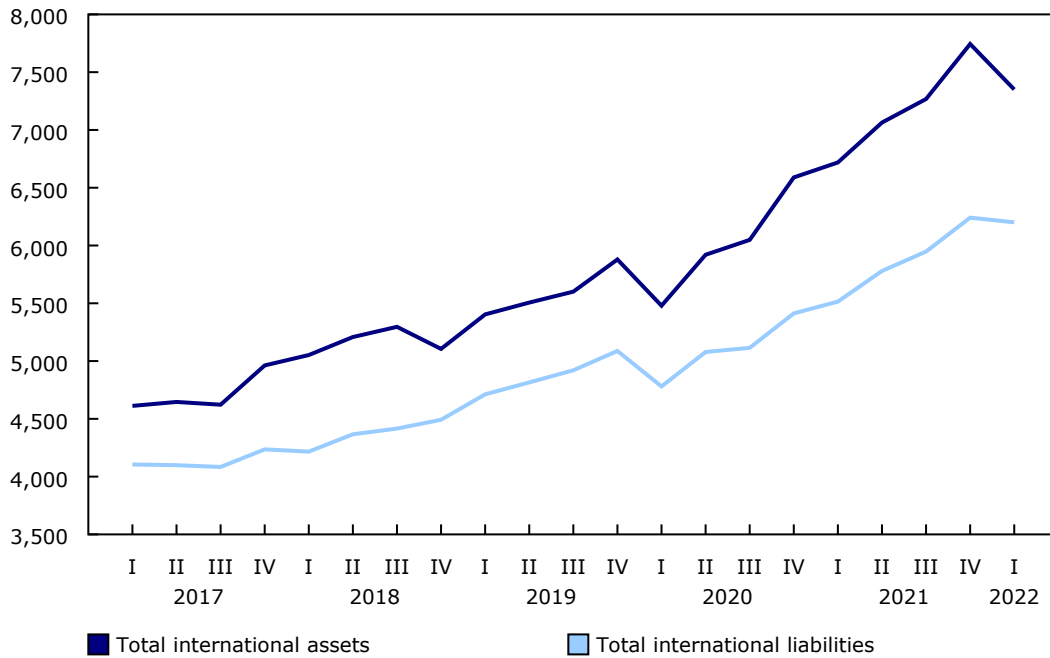
Canada's international assets were down by \$393.1 billion to \$7,350.6 billion at the end of the first quarter, almost offsetting the strong growth of the previous quarter. The downward revaluation attributable to market price changes (-\$217.3 billion) led the decline, followed by revaluation resulting from fluctuations in exchange rates (-\$110.6 billion). Substantial sales of foreign equity securities by Canadian investors also contributed to the decline. At the end of the quarter, 70.7% of Canada's international assets were held by the financial sector.

On the other side of the ledger, Canada's international liabilities were down by \$40.5 billion to \$6,200.6 billion. Financial transactions (-\$45.4 billion) such as the withdrawal of currency and deposits in Canada by non-residents as well as the downward revaluation coming from the fluctuations of the Canadian dollar against foreign currencies (-\$36.3 billion) contributed to the overall reduction. Revaluations due to market price changes (+\$30.8 billion), led by higher Canadian equity prices, moderated the decline. At the end of the quarter, financial corporations' international liabilities represented 44.7% of Canada's total international liabilities, compared with 40.3% for non-financial corporations.

The financial sector was by far the largest contributor to Canada's net asset position to the rest of the world at the end of the first quarter, their international assets exceeding their international liabilities by \$2,425.7 billion. On the other hand, non-financial corporations and the government sector both posted a net foreign liability position.

Chart 3
Canada's international assets and liabilities

billions of dollars

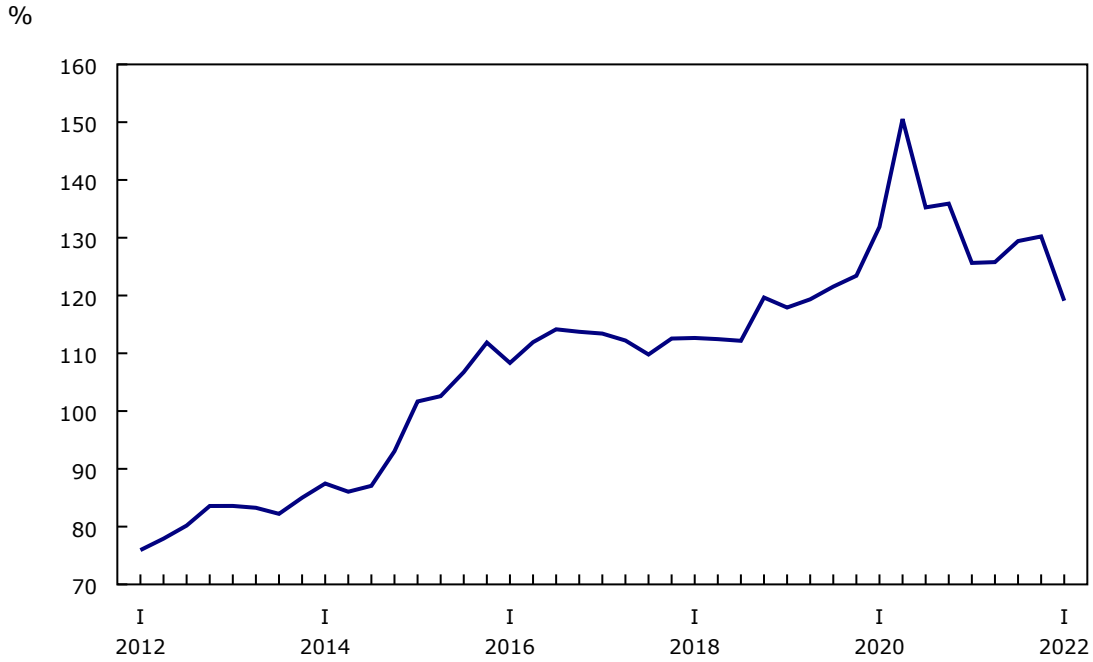


Source(s): Table 36-10-0485-01.

Canada's gross external debt declines

Canada's gross external debt, or the value of Canadian debt instruments held by foreign investors, was down by \$174.5 billion to \$3,213.4 billion in the first quarter in market value terms, a first decline in one year. It represented 119.1% of Canada's gross domestic product, down from 130.2% in the previous quarter and the lowest level since the first quarter of 2019. The financial sector, largely deposit-taking corporations, was the greatest contributor to the decline (-\$111.5 billion), followed by the government sector (-\$40.8 billion). At the end of March, the financial sector still contributed to the highest proportion of Canada's gross external debt (56.6%), followed by the government sector (20.1%).

Chart 4
Canada's gross external debt as a percentage of gross domestic product



Source(s): Tables [36-10-0104-01](#) and [36-10-0469-01](#).

Table 1
Canada's international investment position at period end

	First quarter 2021	Second quarter 2021	Third quarter 2021	Fourth quarter 2021	First quarter 2022	Fourth quarter 2021 to first quarter 2022
	billions of dollars					difference in billions of dollars
Assets	6,718.7	7,063.9	7,267.7	7,743.7	7,350.6	-393.1
Direct investment assets	2,734.0	2,887.9	2,899.7	3,030.6	2,993.5	-37.1
Equity	2,532.5	2,689.8	2,693.6	2,829.4	2,794.0	-35.3
Debt instruments	201.5	198.1	206.1	201.2	199.4	-1.8
Canadian portfolio investment	2,932.5	3,136.1	3,243.8	3,523.1	3,194.9	-328.2
Foreign debt securities	604.4	624.1	646.5	667.5	659.6	-7.9
Foreign money market instruments	8.9	8.9	6.3	8.6	9.5	0.9
Foreign bonds	595.5	615.2	640.2	658.9	650.0	-8.8
Foreign equity and investment fund shares	2,328.1	2,512.0	2,597.4	2,855.6	2,535.4	-320.3
Official international reserves	104.8	110.2	135.4	135.2	129.7	-5.5
Other Canadian investment	947.4	929.8	988.7	1,054.8	1,032.6	-22.3
Loans	375.4	346.9	394.4	426.4	382.0	-44.4
Currency and deposits	499.5	509.4	525.5	554.9	580.1	25.2
Trade credits and advances	9.4	9.5	9.6	9.8	10.4	0.6
Other accounts receivable	63.2	63.9	59.2	63.7	60.1	-3.6
Liabilities	5,514.6	5,779.6	5,947.5	6,241.1	6,200.6	-40.5
Direct investment liabilities	1,840.1	1,997.8	2,005.3	2,094.3	2,151.2	56.8
Equity	1,595.3	1,755.2	1,756.9	1,850.1	1,907.1	57.0
Debt instruments	244.8	242.6	248.4	244.2	244.1	-0.1
Foreign portfolio investment	2,563.1	2,651.3	2,745.0	2,852.0	2,896.9	45.0
Canadian debt securities	1,672.6	1,707.1	1,804.5	1,848.9	1,816.8	-32.0
Canadian money market instruments	115.1	141.3	149.4	168.6	158.2	-10.4
Canadian bonds	1,557.5	1,565.8	1,655.1	1,680.2	1,658.6	-21.7
Canadian equity and investment fund shares	890.5	944.2	940.5	1,003.1	1,080.1	77.0
Other foreign investment	1,111.5	1,130.4	1,197.3	1,294.8	1,152.5	-142.3
Loans	311.2	297.9	344.2	360.0	310.8	-49.3
Currency and deposits	733.7	765.2	766.1	846.0	753.2	-92.8
Special drawing rights	10.7	10.6	29.8	29.8	29.2	-0.5
Trade credits and advances	15.6	16.0	15.9	16.8	17.1	0.3
Other accounts payable	40.3	40.7	41.2	42.2	42.2	0.0
Net international investment position	1,204.1	1,284.3	1,320.1	1,502.7	1,150.0	-352.6

Source(s): Table 36-10-0485-01.

Table 2
Quarterly change in Canada's international investment position

	First quarter 2022					Position at end of period
	Position at beginning of period	Financial account transactions	Revaluations attributable to exchange rate changes	Revaluations attributable to market price changes	All other changes to the position	
	billions of dollars					
Assets	7,743.7	-46.4	-110.6	-217.3	-18.8	7,350.6
Direct investment assets	3,030.6	19.7	-33.3	-23.2	-0.3	2,993.5
Canadian portfolio investment	3,523.1	-45.3	-59.0	-187.7	-36.2	3,194.9
Foreign debt securities	667.5	10.4	-9.4	-38.7	29.7	659.6
Foreign equity and investment fund shares	2,855.6	-55.7	-49.7	-149.0	-65.9	2,535.4
Official international reserves	135.2	3.8	-3.0	-6.4	-0.0	129.7
Other Canadian investment	1,054.8	-24.7	-15.3	-0.1	17.8	1,032.6
Liabilities	6,241.1	-45.4	-36.3	30.8	10.5	6,200.6
Direct investment liabilities	2,094.3	20.1	-0.6	38.0	-0.6	2,151.2
Foreign portfolio investment	2,852.0	74.5	-22.4	-7.1	0.0	2,896.9
Canadian debt securities	1,848.9	62.1	-22.4	-71.8	0.0	1,816.8
Canadian equity and investment fund shares	1,003.1	12.4	0.0	64.7	0.0	1,080.1
Other foreign investment	1,294.8	-140.0	-13.3	-0.0	11.0	1,152.5
Net international investment position	1,502.7	-1.0	-74.3	-248.1	-29.2	1,150.0

Note(s): Other changes to the position include volume changes (write-offs, reclassifications or residency changes), changes to the position resulting from discrepancies between flow and stock data sources, as well as the integration of new survey results.

Source(s): Table 36-10-0454-01.

Note to readers

Definitions

The **international investment position** is the value and composition of Canada's assets and liabilities to the rest of the world.

Canada's **net international investment position** is the difference between Canada's assets and liabilities to the rest of the world. An excess of international liabilities over international assets can be referred to as Canada's **net foreign debt**. An excess of international assets over international liabilities can be referred to as Canada's **net foreign assets**.

Foreign direct investment is presented on an asset–liability principle basis (that is, a gross basis) in the international investment position. Foreign direct investment can also be presented on a directional principle basis (that is, a net basis), as shown in supplementary foreign direct investment tables 36-10-0008-01, 36-10-0009-01 and 36-10-0659-01. The difference between the two foreign direct investment conceptual presentations resides in the classification of reverse investment such as (1) Canadian affiliates' claims on foreign parents, and (2) Canadian parents' liabilities to foreign affiliates. Under the asset–liability presentation, (1) is classified as an asset and included in direct investment assets, and (2) is classified as a liability and included in direct investment liabilities.

Next release

International investment position data for the second quarter of 2022 will be released on September 9, 2022.

Available tables: [36-10-0038-01](#), [36-10-0039-01](#), [36-10-0412-01](#), [36-10-0443-01](#), [36-10-0446-01](#), [36-10-0454-01](#), [36-10-0469-01](#), [36-10-0474-01](#), [36-10-0485-01](#) and [36-10-0593-01](#).

Definitions, data sources and methods: survey numbers 1534 and 1537.

The [Economic accounts statistics](#) and [International trade statistics](#) portals are available from the *Subjects* module of the Statistics Canada website.

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 through 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.

The product [Canada's international trade and investment country fact sheet \(71-607-X\)](#) is available online. This product provides easy and centralized access to Canada's international trade and investment statistics, on a country-by-country basis. It contains annual information for nearly 250 trading partners in summary form, including charts, tables and a short analysis that can also be exported in PDF format.

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.

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).