

Canada's international transactions in securities, July 2022

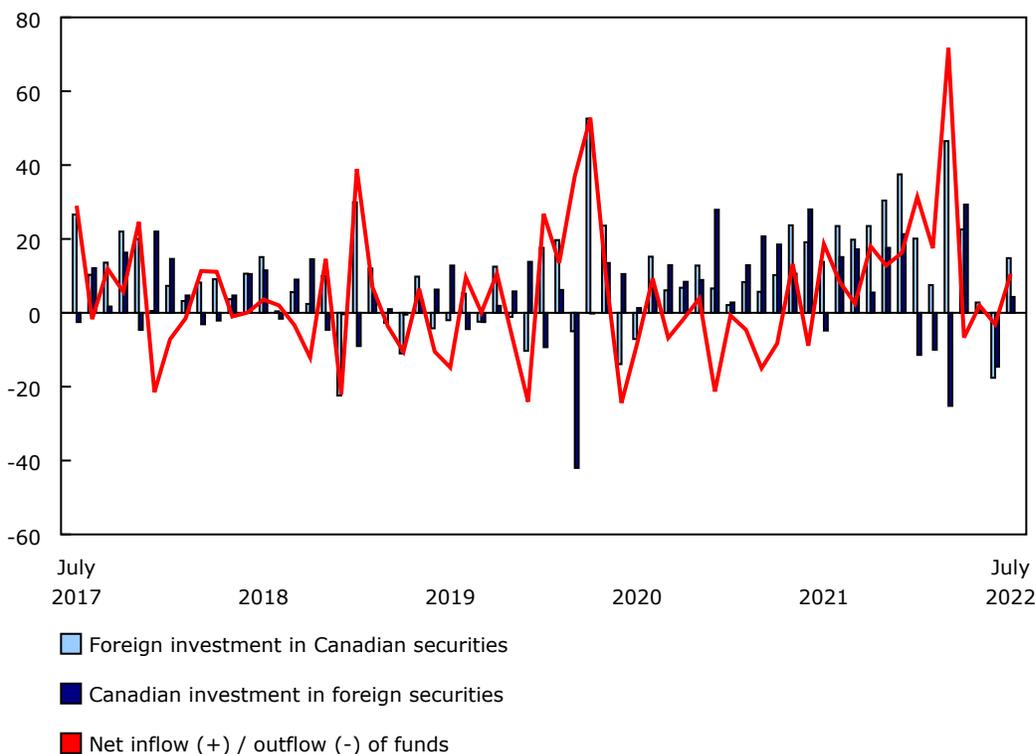
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, September 16, 2022

Both foreign investment in Canadian securities and Canadian investment in foreign securities resumed in July, following significant divestments in June. Foreign investors acquired \$14.8 billion of Canadian securities, while Canadian investors added \$4.3 billion of foreign securities to their holdings. The activity in July largely focused on bonds.

As a result, international transactions in securities generated a net inflow of funds of \$10.5 billion into the Canadian economy in July, after a net outflow of funds of \$3.1 billion in June.

Chart 1
Canada's international transactions in securities

billions of dollars



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

Foreign investment in Canadian securities resumes

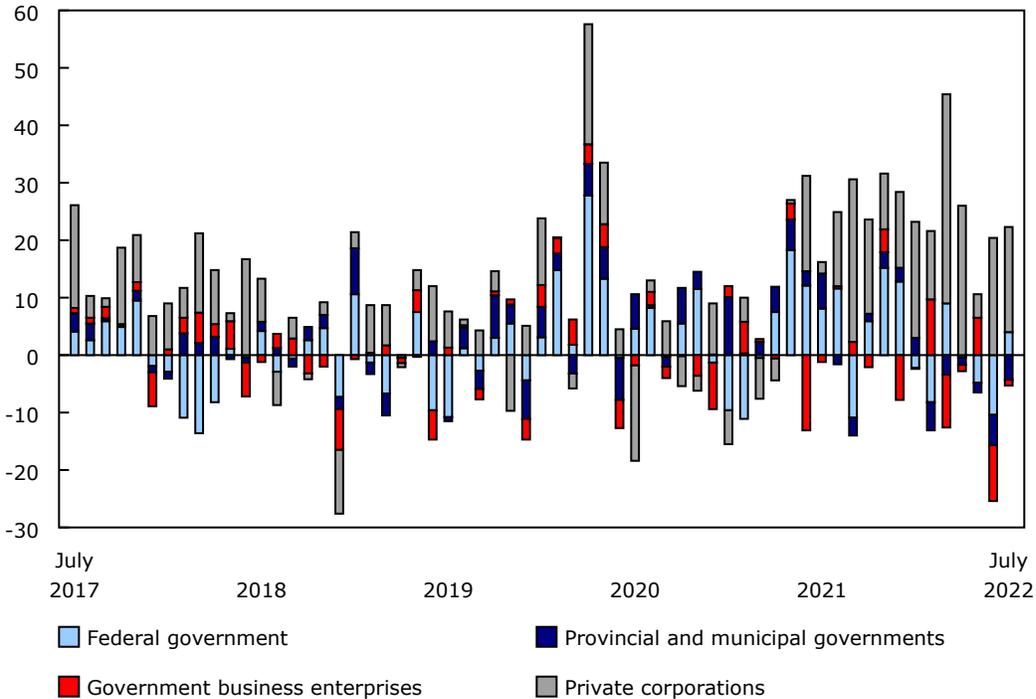
Foreign investors resumed their acquisitions of Canadian securities, buying \$14.8 billion in July after divesting \$17.6 billion in June. The investment in July mainly targeted debt securities issued by Canadian private corporations and, to a lesser extent, federal government bonds. This activity was moderated by a reduction in foreign holdings of government paper and Canadian equity securities.



Foreign investment in Canadian private corporate debt securities totalled \$18.3 billion in July, largely as new issuances of US dollar-denominated instruments of Canadian chartered banks. At the same time, non-resident investors increased their exposure to federal government bonds by \$7.5 billion, their largest investment in 2022. On the other hand, they reduced their holdings of government paper, both federal (-\$3.5 billion) and provincial (-\$2.8 billion). In July, Canadian long-term interest rates fell by 52 basis points, while short-term interest rates rose by 56 basis points. Meanwhile, the Canadian dollar appreciated against the US dollar.

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

billions of dollars

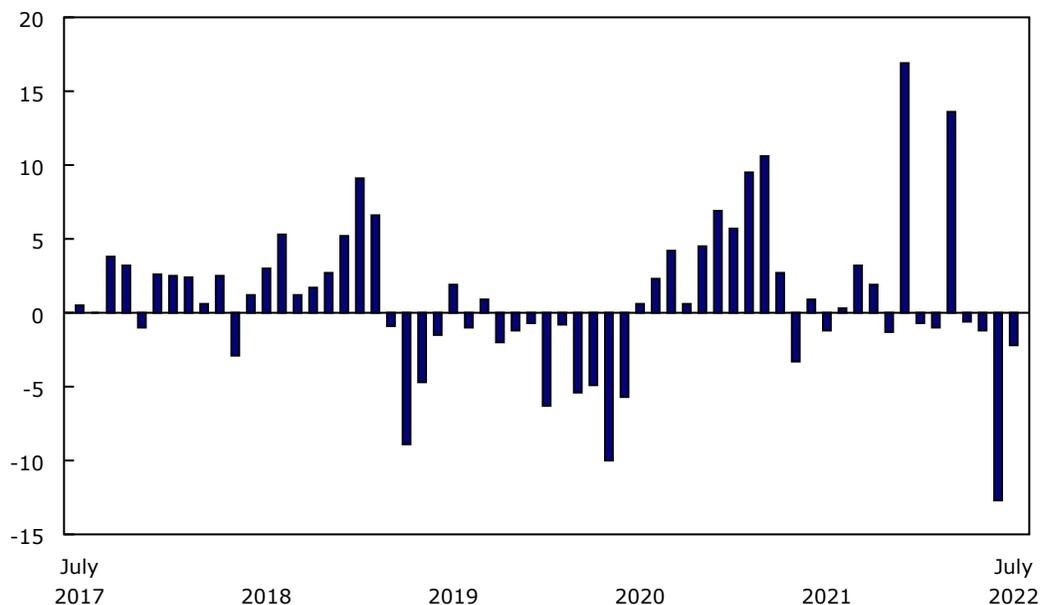


Source(s): Table 36-10-0028-01.

The reduction in foreign holdings of Canadian equity securities totalled \$2.2 billion in July after a considerable divestment of \$12.7 billion in the previous month. Canadian companies buying back shares from their foreign investors contributed to the overall reduction in July. Canadian share prices, as measured by the Standard and Poor's/Toronto Stock Exchange composite index, posted the largest gain in July since October 2021, after three consecutive months of decrease.

Chart 3
Foreign investment in Canadian equity and investment fund shares

billions of dollars



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

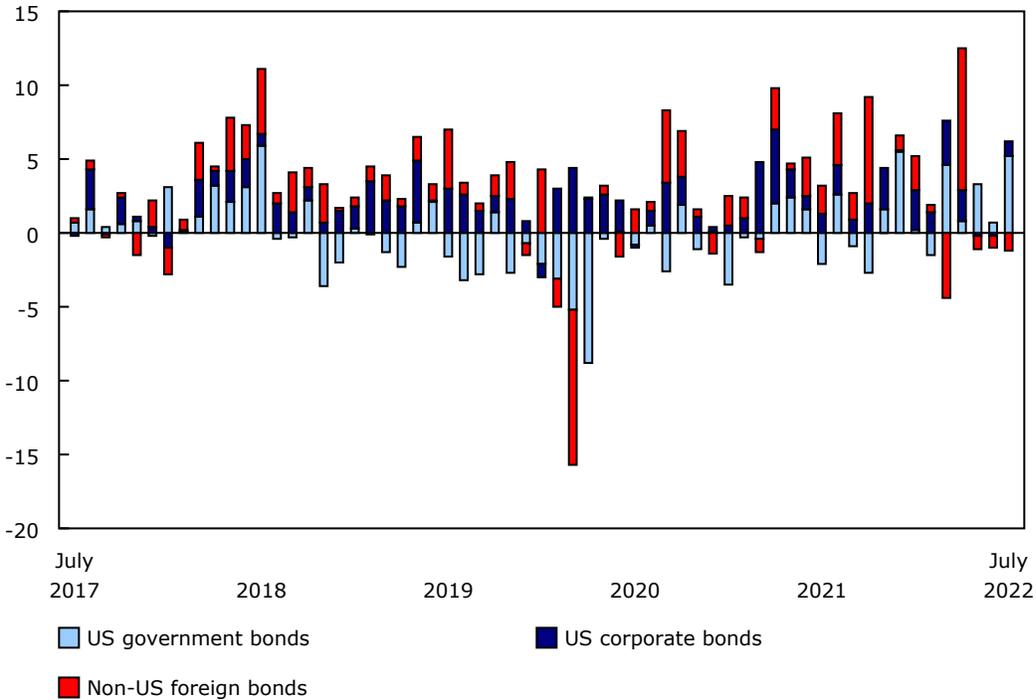
Canadian investment in foreign securities focuses on US bonds

Canadian investors acquired \$4.3 billion of foreign securities in July, following a significant divestment of \$14.6 billion in June. Investment activity in July was led by acquisitions of US government bonds.

Canadian investment in US government bonds totalled \$5.2 billion in July, the largest investment in 2022. Since the beginning of the year, Canadian purchases of US government bonds amounted to \$13.3 billion, compared with a marginal \$354 million divestment during the same period in 2021. In July, US long-term interest rates were down by 24 basis points, the first reduction since December 2021.

Chart 4
Canadian investment in foreign bonds

billions of dollars



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

Canadian investors marginally reduced their holdings of foreign shares in July, after a sizable divestment of \$12.6 billion in June, largely in US equities. In July, investors added \$1.1 billion of non-US foreign shares to their portfolios, and they sold almost the same amount of US shares. Overall, Canadian investors reduced their exposure to foreign equity securities in 2022 by \$55.3 billion, led by sales of US shares. US stock prices, as measured by the Standard and Poor's/Toronto Stock Exchange 500 composite index, were up 9.1% in July recovering the loss recorded in June.

Table 1
Canada's international transactions in securities

	May 2022	June 2022	July 2022	January to July 2021	January to July 2022
millions of dollars					
Foreign investment in Canadian securities	2,835	-17,637	14,827	82,969	96,702
Debt securities	3,991	-4,963	17,028	58,030	101,391
Money market instruments	-557	-3,291	1,170	16,459	-13,289
Governments	-6,718	-8,552	-6,289	18,798	-37,266
Federal government	-5,437	-5,750	-3,484	10,126	-25,998
Other governments	-1,280	-2,802	-2,805	8,670	-11,267
Corporations	6,161	5,261	7,458	-2,337	23,975
Government business enterprises	2,828	-2,998	645	4,449	4,575
Private corporations	3,333	8,259	6,814	-6,787	19,403
Bonds	4,548	-1,672	15,858	41,572	114,679
Governments	175	-7,185	6,010	36,961	6,295
Federal government	615	-4,653	7,487	14,630	12,890
Other governments	-440	-2,531	-1,477	22,332	-6,593
Corporations	4,373	5,513	9,848	4,609	108,385
Government business enterprises	3,634	-6,674	-1,687	-8,758	-9,539
Private corporations	739	12,187	11,535	13,367	117,923
Equity and investment fund shares	-1,156	-12,674	-2,200	24,939	-4,687
Shares	-1,059	-12,475	-1,678	24,203	-2,622
Investment fund shares	-97	-199	-523	736	-2,066
Canadian investment in foreign securities	832	-14,573	4,303	88,751	-26,665
Debt securities	1,431	-1,980	4,321	25,461	28,619
Money market instruments	-792	-1,672	-677	233	368
Bonds	2,223	-308	4,998	25,227	28,251
Equity and investment fund shares	-599	-12,593	-18	63,291	-55,284

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](#).

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 August will be released on October 18.

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).