

Canada's international transactions in securities, October 2022

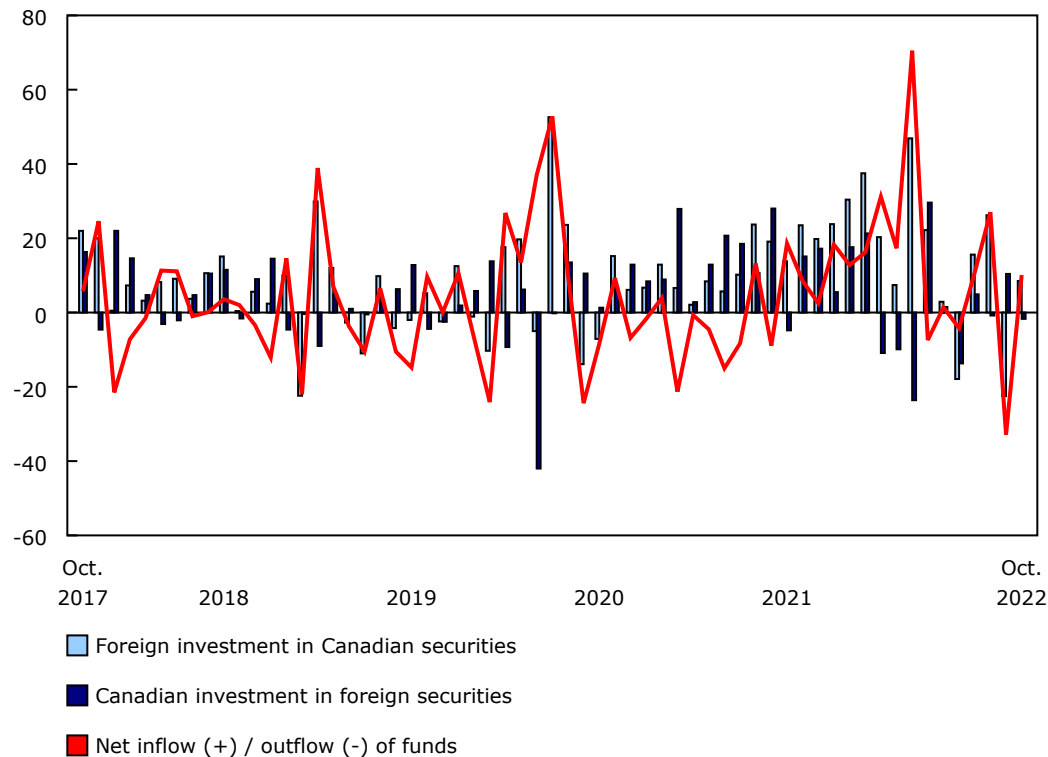
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, December 16, 2022

Foreign investors acquired \$8.5 billion of Canadian securities in October, following a significant divestment of \$22.5 billion in September. Meanwhile, Canadian investors reduced their holdings of foreign securities by \$1.7 billion, after buying \$10.4 billion in September.

As a result, international transactions in securities generated a net inflow of funds of \$10.1 billion in the Canadian economy in October, for a total of \$123.8 billion in 2022.

Chart 1
Canada's international transactions in securities

billions of dollars



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

Foreign investment in Canadian securities resumes

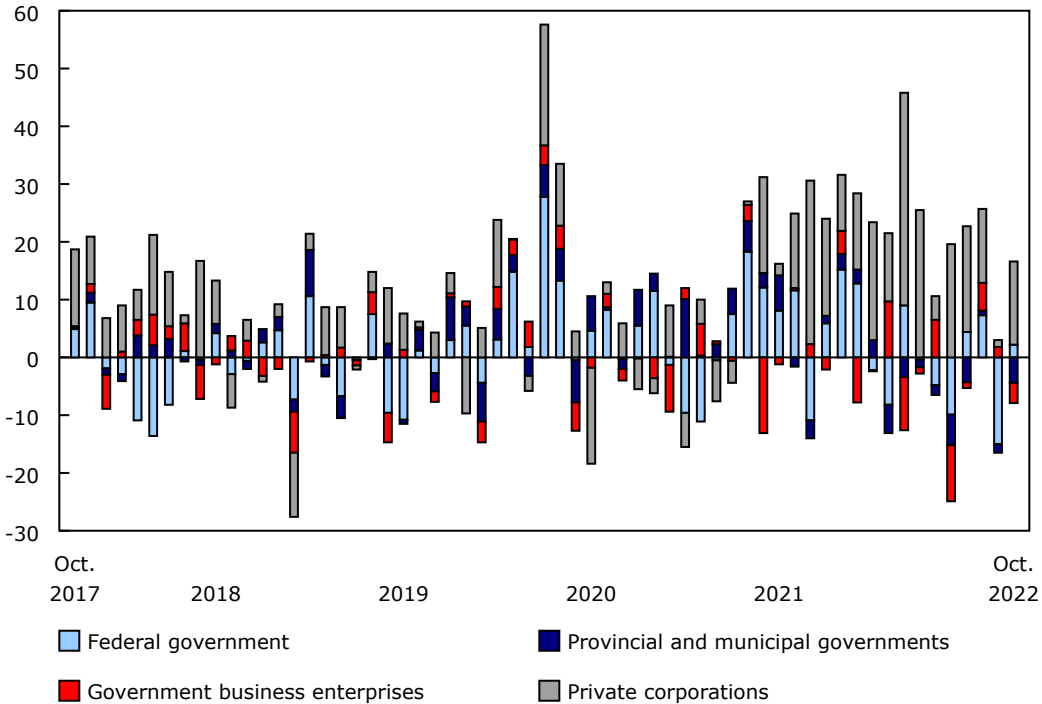
Foreign investment in Canadian securities resumed as non-resident investors acquired \$8.5 billion worth in October, after divesting \$22.5 billion in September. The investment in October targeted debt securities issued by Canadian private corporations and was moderated by retirements of provincial government bonds. Meanwhile, the foreign divestment in Canadian equity securities continued in October but at a slower pace than the previous month.



Foreign investment in Canadian private corporate debt securities totalled \$14.4 billion in October, largely in the form of new issuances of US dollar and euro denominated instruments by Canadian chartered banks. At the same time, non-resident investors reduced their exposure to provincial government bonds by \$5.3 billion, their largest divestment since December 2019. This activity was led by retirements of US dollar denominated bonds. In October, Canadian long-term interest rates rose to the highest levels since June 2022. Meanwhile, the Canadian dollar appreciated against the US dollar and the euro.

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

billions of dollars



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

Foreign divestment in Canadian equity securities slowed to \$253 million in October, after a considerable divestment of \$9.0 billion in the previous month. In October, non-resident investors mainly reduced their holdings of shares of the trade and transportation industry. Canadian share prices, as measured by the Standard and Poor's/Toronto Stock Exchange composite index, rose 5.3% in October, more than offsetting the decline recorded in September. This was the largest increase since November 2020.

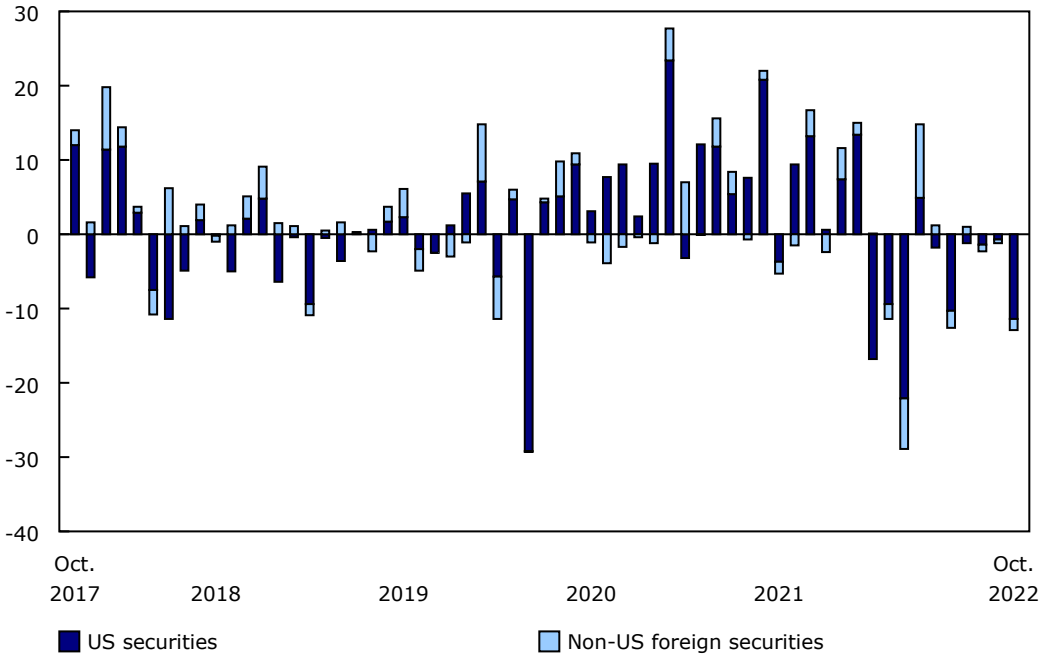
Canadian investors sell US shares and acquire US government bonds

Canadian investors reduced their holdings of foreign securities by \$1.7 billion in October, after investing \$10.4 billion in September. The reduction in October was mainly due to sales of US shares and was moderated by acquisitions of foreign bonds.

Canadian investors reduced their exposure to foreign equity securities by \$13.0 billion in October. The divestment has totalled \$71.9 billion from January to October in 2022, compared with an investment of \$86.2 billion over the same period in 2021. In October, Canadian investors disposed of \$11.4 billion worth of US shares, largely investment funds shares tracking broad stock market indices. US stock prices, as measured by the Standard and Poor's 500 composite index, were up by 8.0% in October but down 14.3% so far in 2022.

Chart 3
Canadian investment in foreign equity and investment fund shares

billions of dollars

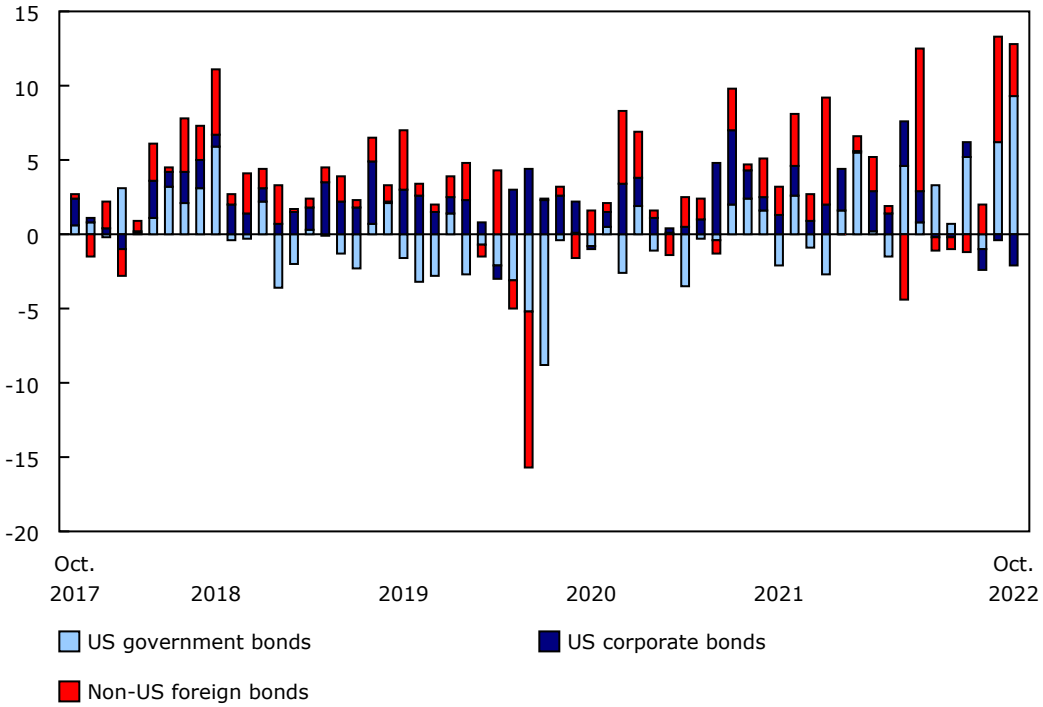


Source(s): Table 36-10-0028-01.

At the same time, Canadian acquisitions of foreign bonds remained strong at \$10.7 billion in October, following a \$12.9 billion investment in September. The activity in October was led by a record-high \$9.3 billion purchase of US government bonds. In October, US long-term interest rates rose to the highest levels since July 2008, exceeding Canadian long-term interest rates by the largest value since May 2019. In addition, Canadian investors purchased \$3.5 billion of non-US foreign bonds in October 2022.

Chart 4
Canadian investment in foreign bonds

billions of dollars



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

Table 1
Canada's international transactions in securities

	August 2022	September 2022	October 2022	January to October 2021	January to October 2022
millions of dollars					
Foreign investment in Canadian securities	26,244	-22,498	8,456	150,110	109,635
Debt securities	25,693	-13,478	8,708	119,784	122,514
Money market instruments	1,961	-8,642	2,758	14,108	-17,002
Governments	-825	-10,133	-581	9,517	-48,805
Federal government	-2,421	-9,223	-1,525	2,272	-39,167
Other governments	1,596	-910	943	7,244	-9,638
Corporations	2,786	1,491	3,340	4,592	31,802
Government business enterprises	-273	2,251	-1,602	4,549	4,951
Private corporations	3,059	-760	4,942	41	26,852
Bonds	23,733	-4,836	5,950	105,677	139,517
Governments	8,879	-6,350	-1,548	49,437	8,173
Federal government	9,705	-5,800	3,759	29,160	21,447
Other governments	-826	-550	-5,307	20,277	-13,272
Corporations	14,854	1,514	7,499	56,239	131,346
Government business enterprises	5,102	-444	-1,916	-8,218	-6,797
Private corporations	9,752	1,957	9,414	64,459	138,140
Equity and investment fund shares	551	-9,020	-253	30,327	-12,880
Shares	589	-8,551	298	29,538	-9,756
Investment fund shares	-38	-469	-551	789	-3,124
Canadian investment in foreign securities	-797	10,402	-1,674	126,551	-14,162
Debt securities	1,548	11,604	11,320	40,364	57,783
Money market instruments	1,945	-1,273	612	-1,247	6,355
Bonds	-397	12,877	10,707	41,612	51,426
Equity and investment fund shares	-2,345	-1,202	-12,994	86,188	-71,944

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 November will be released on January 17, 2023.

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).