

Canada's international investment position, fourth quarter 2022

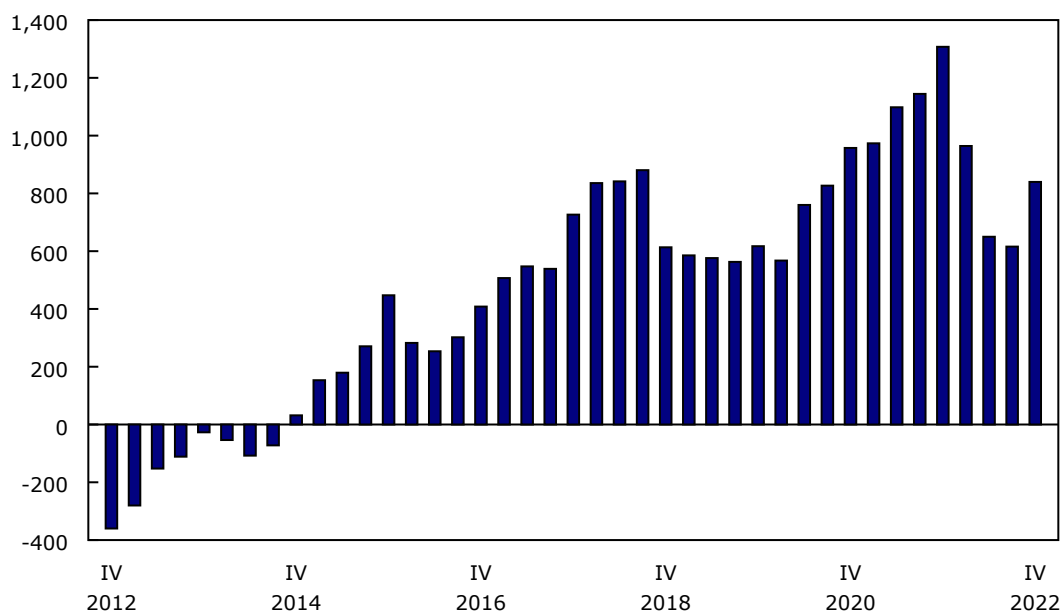
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, March 10, 2023

Canada's net foreign asset position, the difference between its international financial assets and international liabilities, increased by \$223.9 billion to \$839.7 billion at the end of the fourth quarter, the first increase after three consecutive quarterly declines.

Overall, changes in market prices led to a \$203.4 billion increase in Canada's net foreign asset position. Over the fourth quarter, the US (+7.1%) and European (+14.3%) stock markets rose, and the Canadian stock market gained 5.1%. At the end of the fourth quarter, 65.1% of Canada's international assets and 42.4% of its international liabilities were held in the form of equities.

Chart 1
Canada's net international investment position

billions of dollars



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

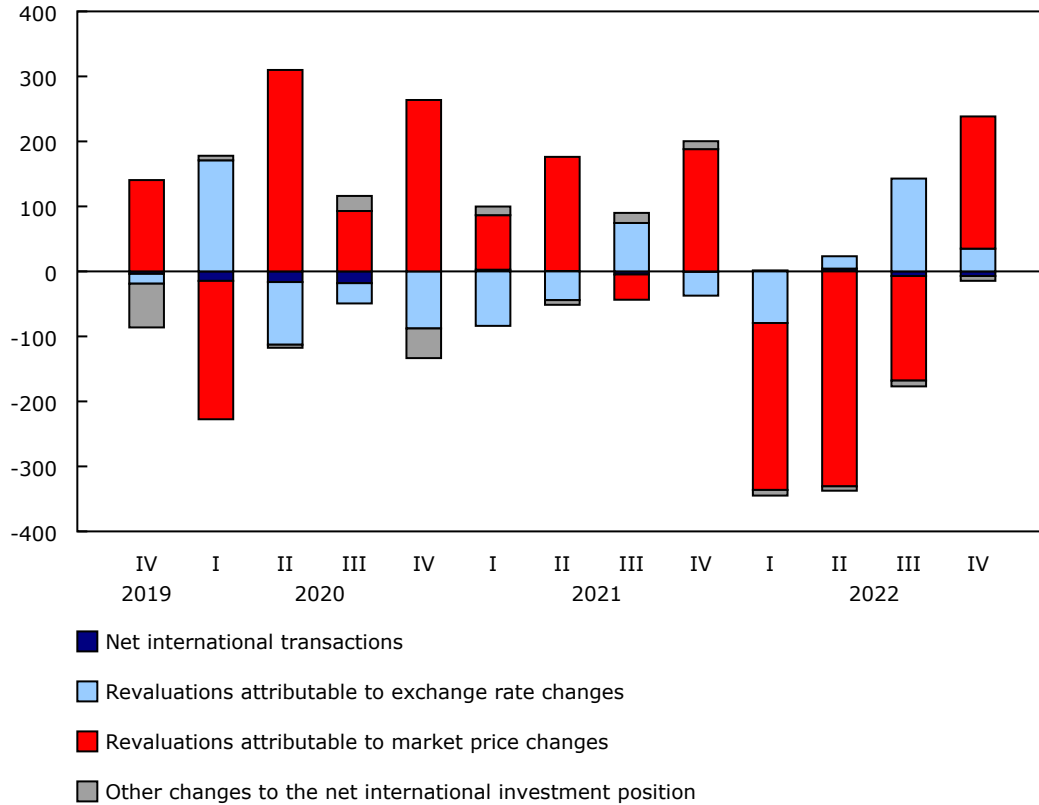
The revaluation effect from fluctuations in exchange rates (+\$35.0 billion) supported the overall increase in Canada's net foreign asset position. Over the fourth quarter, the Canadian dollar depreciated against the euro (-7.4%), the British pound (-7.5%) and the yen (-7.7%), while it gained 1.2% against the US dollar.

At the end of the fourth quarter, 96.2% of Canada's international assets were denominated in foreign currencies, compared with 41.1% of its international liabilities. The US dollar accounted for 64.0% of Canada's international assets and 32.2% of its international liabilities at the end of the quarter.



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

billions of dollars

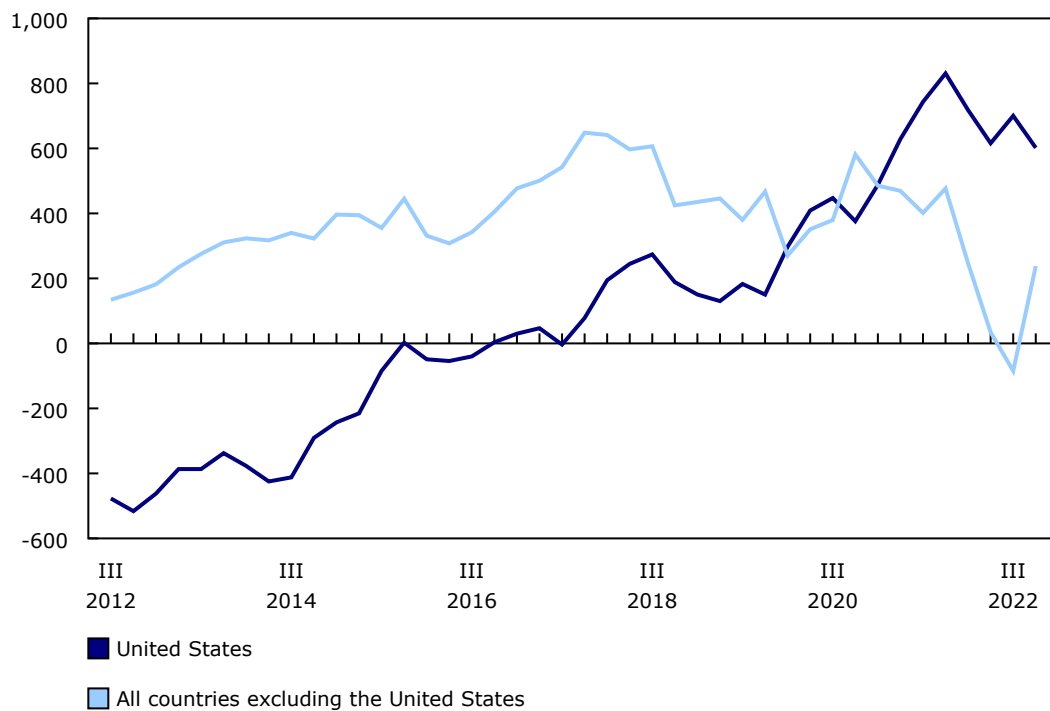


Source(s): Table 36-10-0454-01.

On a geographical basis, Canada's net foreign asset position with the United States was down by \$98.5 billion to \$601.8 billion at the end of the fourth quarter. Canada's net international investment position with countries other than the United States showed a different trend, increasing from a net liability position of \$84.5 billion at the end of the third quarter to a net foreign asset position of \$237.9 billion at the end of 2022.

Chart 3
Canada's net international investment position, by region

billions of dollars



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

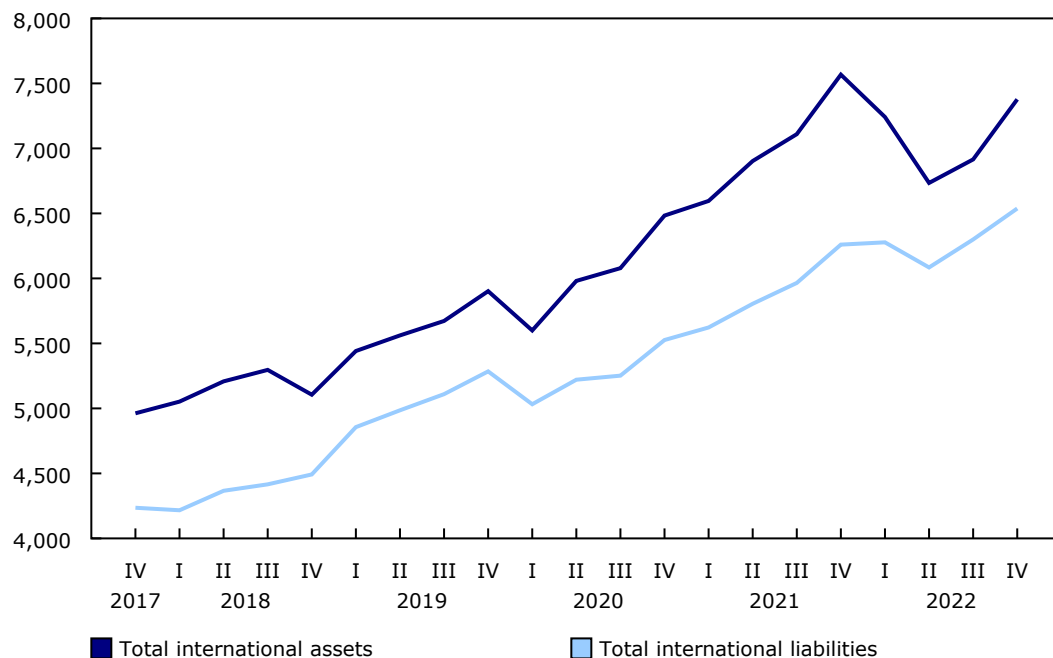
Canada's international assets increase substantially

Canada's international assets were up by \$462.1 billion (+6.7%) to \$7,377.4 billion at the end of the fourth quarter, the largest quarterly gain on record. The upward revaluation attributable to market price changes (+\$356.4 billion) led the growth. Considerable acquisitions of foreign assets (+\$130.6 billion) in the quarter, mainly in the form of loan assets, also contributed to the growth.

In contrast, Canada's international liabilities were up \$238.2 billion (+3.8%) to \$6,537.7 billion. This increase was primarily the result of an upward revaluation due to fluctuations in market prices (+\$153.0 billion). Strong foreign borrowings (+\$137.8 billion), mainly in the form of loans, as well as debt securities, also contributed to the increase.

Chart 4
Canada's international assets and liabilities

billions of dollars



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

Canada's net foreign asset position falls in 2022

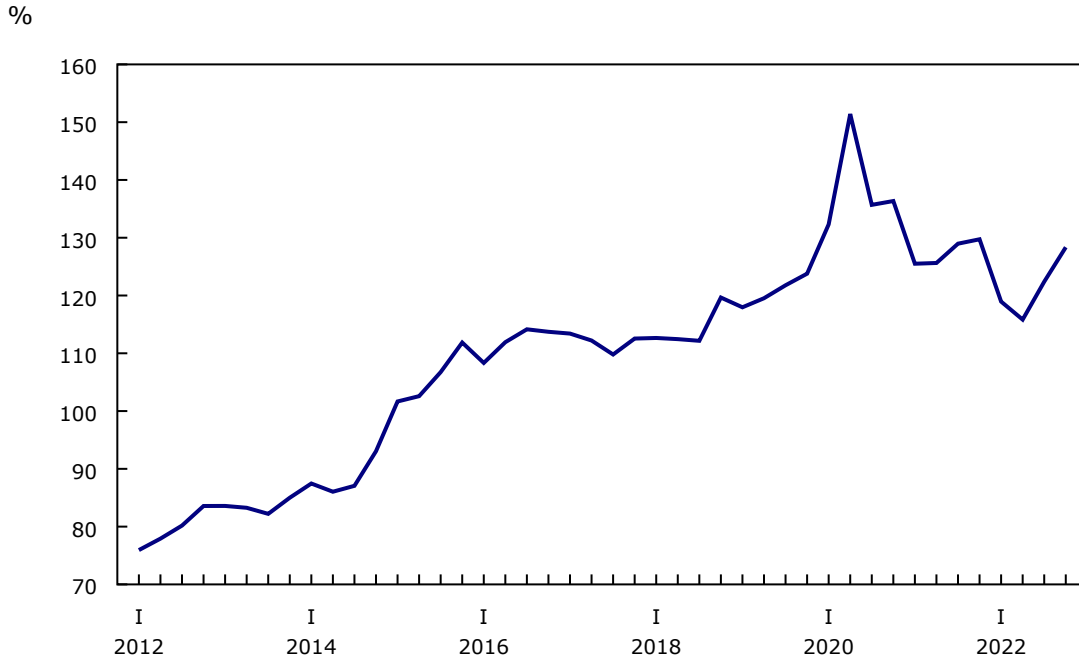
In 2022, fluctuations in market prices significantly impacted Canada's net foreign asset position. Global stock markets declined significantly after strong gains in the previous year. In addition, the substantial rise in interest rates led to lower prices for debt instruments. Overall, Canada's net foreign asset position fell \$467.7 billion in 2022 after reaching a high of \$1,307.4 billion at the end of 2021.

Canada's net international investment position as a proportion of gross domestic product (GDP) decreased to 30.1% at the end of 2022, down from 49.9% at the end of 2021.

At the end of 2022, Canada's gross external debt, or the value of Canadian debt instruments held by foreign investors, reached \$3,579.7 billion, an increase of \$178.0 billion over the year. The financial sector contributed the most to the gain, led by borrowings in the form of new bonds placed abroad by deposit-taking corporations. Gross external debt of the government sector fell by \$73.1 billion to \$613.0 billion in 2022. This followed strong increases in 2020 and 2021, led by the federal government's borrowing activities in the context of the COVID-19 pandemic.

Canada's gross external debt amounted to 128.4% of GDP at the end of 2022, down slightly from the end of 2021 (129.7%).

Chart 5
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

	Fourth quarter 2021	First quarter 2022	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	Third quarter to fourth quarter 2022
	billions of dollars					difference in billions of dollars
Assets	7,567.3	7,241.4	6,734.3	6,915.2	7,377.4	462.1
Direct investment assets	2,898.6	2,875.4	2,630.5	2,630.8	2,884.1	253.2
Equity	2,673.1	2,657.9	2,417.8	2,406.4	2,659.9	253.5
Debt instruments	225.5	217.5	212.7	224.5	224.2	-0.3
Canadian portfolio investment	3,354.8	3,042.6	2,719.6	2,706.9	2,918.9	212.0
Foreign debt securities	709.9	719.2	732.6	768.6	779.7	11.1
Foreign money market instruments	8.6	10.0	10.7	9.5	11.9	2.3
Foreign bonds	701.3	709.2	721.9	759.1	767.9	8.8
Foreign equity and investment fund shares	2,644.9	2,323.4	1,987.0	1,938.3	2,139.2	200.9
Official international reserves	135.2	129.7	137.0	140.8	145.3	4.5
Other Canadian investment	1,178.7	1,193.8	1,247.2	1,436.7	1,429.1	-7.6
Loans	425.2	383.6	406.2	473.2	512.1	38.9
Currency and deposits	558.4	589.9	603.6	638.2	664.6	26.3
Trade credits and advances	9.8	10.8	11.8	14.7	14.5	-0.2
Other accounts receivable	185.3	209.5	225.6	310.5	237.9	-72.6
Financial derivatives	120.1	148.8	163.9	248.6	178.0	-70.6
Liabilities	6,259.8	6,277.4	6,084.3	6,299.4	6,537.7	238.2
Direct investment liabilities	1,980.9	2,080.0	1,984.8	1,970.6	2,077.2	106.5
Equity	1,722.6	1,821.8	1,726.2	1,708.6	1,816.7	108.1
Debt instruments	258.3	258.2	258.6	262.0	260.4	-1.6
Foreign portfolio investment	2,865.6	2,899.8	2,699.7	2,720.2	2,839.8	119.5
Canadian debt securities	1,847.2	1,812.5	1,769.3	1,815.4	1,882.8	67.4
Canadian money market instruments	168.6	157.7	154.3	154.7	174.1	19.4
Canadian bonds	1,678.6	1,654.7	1,615.0	1,660.7	1,708.7	48.0
Canadian equity and investment fund shares	1,018.4	1,087.4	930.5	904.8	957.0	52.1
Other foreign investment	1,413.3	1,297.6	1,399.8	1,608.6	1,620.7	12.2
Loans	359.2	311.6	331.6	370.4	421.0	50.5
Currency and deposits	845.9	760.2	823.5	896.7	922.5	25.8
Special drawing rights	29.8	29.2	28.2	29.0	30.0	1.0
Trade credits and advances	16.8	17.0	17.3	18.7	18.5	-0.2
Other accounts payable	161.6	179.6	199.2	293.7	228.8	-65.0
Financial derivatives	117.2	135.1	154.7	249.3	184.3	-65.0
Net international investment position	1,307.4	964.1	649.9	615.8	839.7	223.9

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

Table 2
Quarterly change in Canada's international investment position

	Fourth 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	6,915.2	130.6	44.3	356.4	-69.2	7,377.4
Direct investment assets	2,630.8	12.6	31.4	203.6	5.7	2,884.1
Canadian portfolio investment	2,706.9	10.6	14.5	152.2	34.6	2,918.9
Foreign debt securities	768.6	14.1	-5.5	3.8	-1.3	779.7
Foreign equity and investment fund shares	1,938.3	-3.4	20.0	148.4	35.9	2,139.2
Official international reserves	140.8	1.2	2.7	0.7	0.0	145.3
Other Canadian investment	1,436.7	106.2	-4.3	0.0	-109.6	1,429.1
Liabilities	6,299.4	137.8	9.4	153.0	-61.9	6,537.7
Direct investment liabilities	1,970.6	15.2	0.2	90.7	0.3	2,077.2
Foreign portfolio investment	2,720.2	42.5	14.8	62.2	0.0	2,839.8
Canadian debt securities	1,815.4	42.0	14.8	10.6	0.0	1,882.8
Canadian equity and investment fund shares	904.8	0.5	0.0	51.6	-0.0	957.0
Other foreign investment	1,608.6	80.0	-5.6	0.0	-62.2	1,620.7
Net international investment position	615.8	-7.1	35.0	203.4	-7.4	839.7

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 changes arising from changes in the value of financial derivatives.

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 first quarter of 2023 will be released on June 13.

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).