

Canada's balance of international payments, first quarter 2024

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Canada's current account balance (on a seasonal adjusted basis) posted a \$5.4 billion deficit in the first quarter, widening \$0.9 billion from the previous quarter. This increase was led by the goods balance moving from a surplus into a deficit, which was largely offset by improvements in the services, investment income and transfers balances. The current account balance has now been in a deficit position for seven consecutive quarters.

In the financial account (unadjusted for seasonal variation), inflows of funds from abroad to finance the current account deficit mainly came from transactions in the form of loans as well as currency and deposits in the first quarter. Meanwhile, portfolio and direct investments both moderated the overall inflows, mainly due to significant acquisitions of foreign securities and a rare divestment in foreign direct investment in Canada.

Current account

Goods balance moving into deficit offsets improvement in services balance

The trade in goods and services balance posted a \$4.7 billion deficit in the first quarter, a \$2.8 billion increase from the fourth quarter of 2023. The increase was largely due to a decline in exports of goods.

The goods balance moved to a deficit of \$1.1 billion in the first quarter of 2024 (from a surplus of \$2.2 billion in the fourth quarter of 2023), while the services deficit narrowed to \$3.6 billion (from a deficit of \$4.1 billion in the fourth quarter of 2023).

Crude oil leads goods exports decline

Exports of goods declined 1.3% to \$191.7 billion in the first quarter of 2024. Exports of energy products fell 4.7% to \$44.3 billion, largely due to lower prices for crude oil. Exports of metal products rose 9.7% to reach a record high of \$24.5 billion, partially offsetting the overall decrease in exports. The increase in metal products was largely due to higher exports of gold.

Imports of goods were up 0.4% to \$192.8 billion in the first quarter, as increases in imports of electronic products (+3.5%), consumer goods (+1.4%) and energy products (+4.5%) were partially offset by lower imports of motor vehicles (-3.3%).

Trade in services deficit narrows on higher commercial services exports

The trade in services deficit narrowed by \$0.5 billion to \$3.6 billion in the first quarter, almost entirely due to an increase in the commercial services surplus.

Exports of commercial services were up 2.1% to \$32.4 billion in the first quarter, led by higher receipts of royalties and financial services. Computer services exports reached a new high, after having sustained increases in 2023.

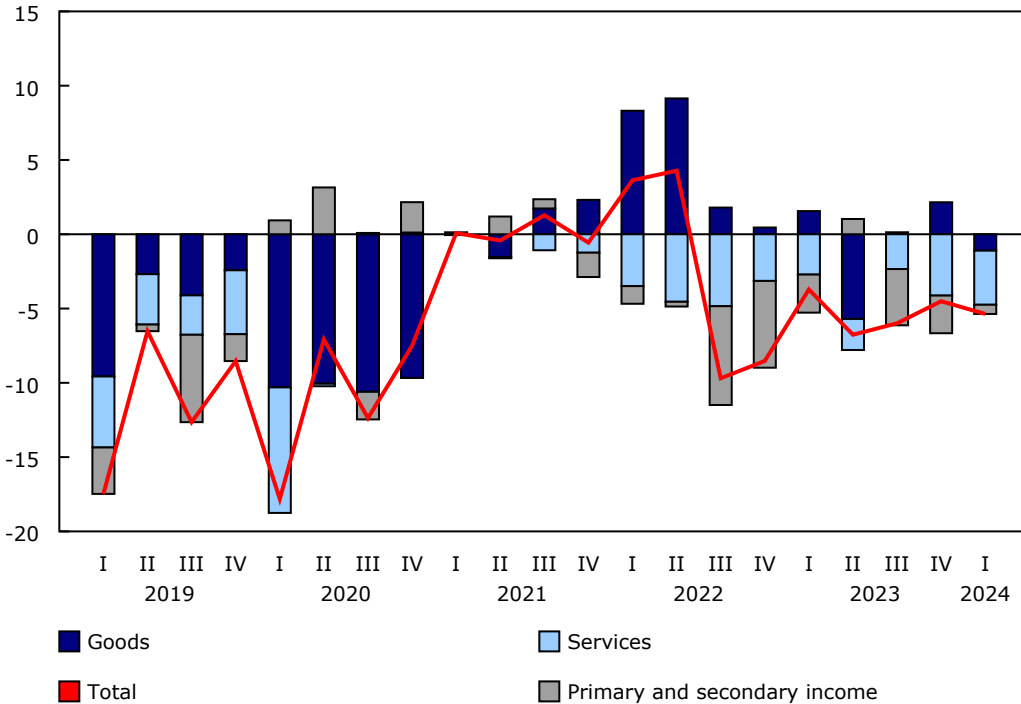
In the first quarter of 2024, imports of commercial services edged down 0.2%, as increased imports of financial services (+18.8%) and technical services (+7.1%) were mitigated by a decline in imports of audio-visual services and equipment rentals.

The travel deficit widened slightly to \$1.2 billion in the first quarter, as exports (-1.7%) declined more than imports (-1.2%). The decline in imports was the first since the second quarter of 2021.



Chart 1
Current account balances

billions of dollars



Note(s): Data are seasonally adjusted.
Source(s): Table 36-10-0018-01.

Investment income surplus grows

The investment income surplus widened by \$1.1 billion to \$1.6 billion in the first quarter of 2024. Interest received on foreign loans and deposits increased, as did income from holdings of foreign securities. Profits earned by both Canadian direct investors abroad (receipts) and by foreign direct investors in Canada (payments) were up.

Financial account

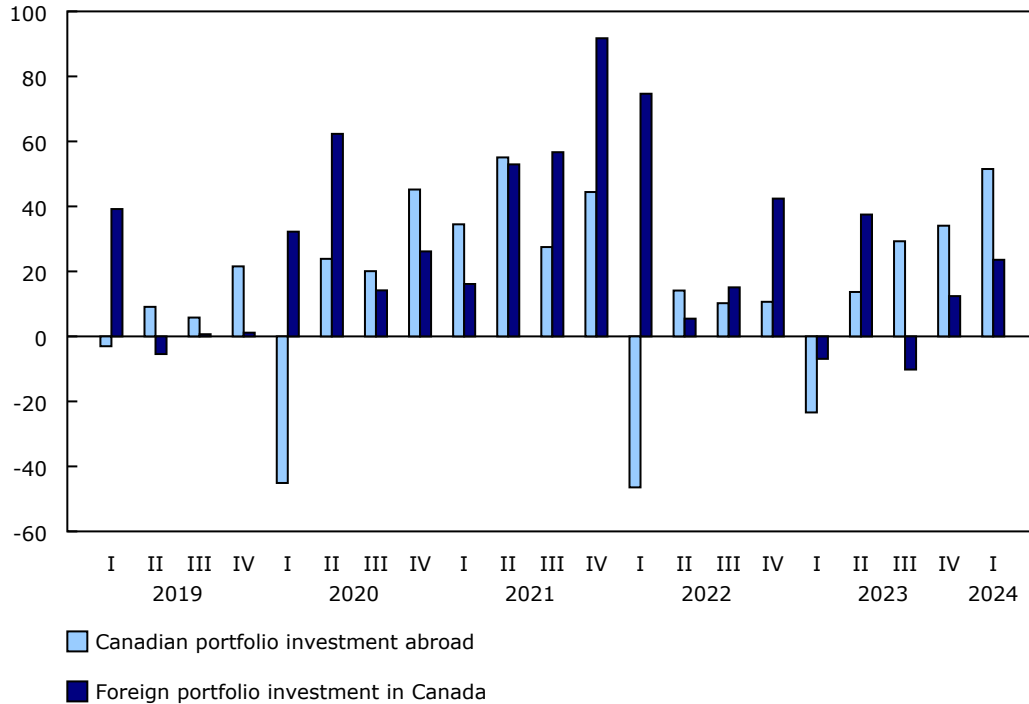
Record Canadian investment in foreign bonds

Canadian investors acquired a record \$37.2 billion of foreign bonds in the first quarter, more than they had acquired during the entire year of 2023. Acquisitions of government bonds accounted for the bulk of the activity.

In addition, Canadian investors increased their holdings of foreign stocks by \$14.1 billion in the first quarter of 2024, led by acquisitions of US equity securities (+\$19.8 billion), most of which were large capitalization technology shares. US share prices, as measured by the Standard and Poor's 500 composite index, reached a record high level by the end of the quarter.

Chart 2
Foreign portfolio investment

billions of dollars



Source(s): Table 36-10-0472-01.

Foreign investors acquired \$57.9 billion of Canadian bonds in the first quarter, the highest level since the first quarter of 2022. Acquisitions of federal government bonds and private corporate bonds accounted for most of the activity in the first quarter of 2024. The investment in private corporate bonds was mainly in foreign currency instruments issued by Canadian chartered banks.

At the same time, foreign investors reduced their holdings of both Canadian short-term debt securities (-\$28.2 billion) and Canadian portfolio shares (-\$6.1 billion).

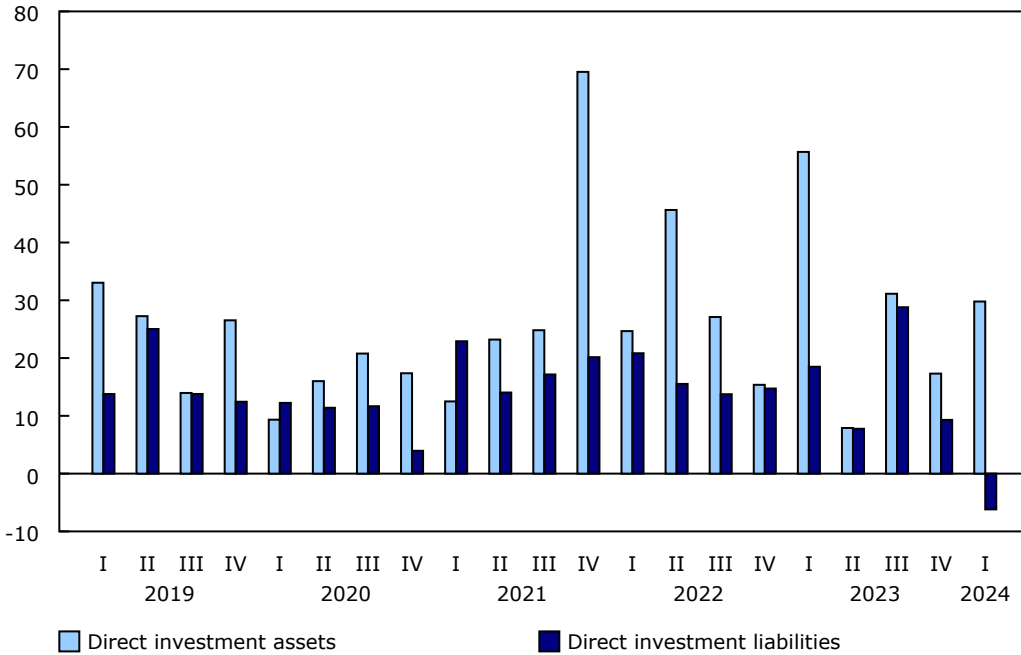
Foreign direct investors withdraw funds from Canada

Canadian direct investment abroad reached \$29.8 billion in the first quarter, up from a \$17.3 billion investment in the previous quarter. Merger and acquisition transactions (+\$16.8 billion) and earnings reinvested in foreign affiliates by their Canadian parents (+\$16.2 billion) contributed to the activity in the first quarter.

The merger and acquisition activities in the first quarter were the highest they had been since the first quarter of 2023 and were diversified across regions and industries. The trade and transportation sector accounted for almost half of the overall direct investment abroad activity in the first quarter of 2024, and most of the investments were directed to the United States.

Chart 3
Foreign direct investment

billions of dollars



Source(s): Table 36-10-0472-01.

Foreign direct investors withdrew \$6.2 billion of funds from Canada in the first quarter, the first divestment in 14 years. The divestment was led by merger and acquisition activities (-\$11.1 billion) and was mitigated by earnings reinvested by foreign parents in their Canadian affiliates (+\$7.3 billion).

Cross-border mergers and acquisitions are negative when, on a net basis, foreign direct investors sell existing assets back to Canadian investors. In the first quarter, the finance and insurance sector saw the largest decrease, which was partially offset by investments in the manufacturing, trade and transportation, and energy and mining sectors.

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Note to readers

Revisions

This release incorporates statistical revisions from the first quarter of 2023, notably to trade in services. Revisions to travel services for the fourth quarter of 2023 are coming from the integration of new survey results from [National Travel Survey](#) (imports) and [Visitor Travel Survey](#) (exports). The revisions to commercial services exports and imports mainly reflect new survey information, leading to lower levels of trade in some specific categories of commercial services for all quarters of 2023.

Definitions

The **balance of international payments** covers all economic transactions between Canadian residents and non-residents in three accounts: the current account, the capital account and the financial account.

The **current account** covers transactions in goods, services, compensation of employees, investment income and secondary income (current transfers).

The current account data in this release are seasonally adjusted. For information on seasonal adjustment, see [Seasonally adjusted data - Frequently asked questions](#).

The **capital account** covers capital transfers and transactions in non-produced, non-financial assets.

The **financial account** covers transactions in financial assets and liabilities.

In principle, a net lending (+) or net borrowing (-) derived from the sum of the current and capital accounts corresponds to a net lending (+) or net borrowing (-) derived from the financial account. In practice, as data are compiled from multiple sources, this is rarely the case and gives rise to measurement error. The **discrepancy** (net errors and omissions) is the unobserved net inflow or outflow.

Foreign direct investment is presented on an asset-liability principle basis (that is, gross basis) in the financial account. Foreign direct investment can also be presented on a directional principle basis (that is, net basis), as shown in supplementary foreign direct investment tables 36-10-0025-01, 36-10-0026-01, 36-10-0473-01 and 36-10-0656-01. 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, also referred to as direct investment abroad in this text, and (2) is classified as a liability and included in direct investment liability, also referred to as direct investment in Canada in this text.

For more information on the balance of payments, consult, "[Chapter 8. International Accounts](#)," in the User Guide: Canadian System of Macroeconomic Accounts, available on Statistics Canada's website. The chapter also presents the most recent balance of payments statistics.

Real-time table

Real-time table 36-10-0042-01 will be updated on June 3. For more information, see [Real-time data tables](#).

Next release

Balance of international payments data for the second quarter of 2024 will be released on August 29.

Table 1
Balance of payments – Not seasonally adjusted

	First quarter 2023	Second quarter 2023	Third quarter 2023	Fourth quarter 2023	First quarter 2024	2022	2023
millions of dollars							
Capital account and current account							
Net lending / net borrowing, from capital account and current account	-3,951	-9,446	-9,185	1,775	-5,080	-10,365	-20,807
Current account balances	-3,894	-9,675	-9,185	1,775	-5,028	-10,312	-20,980
Goods and services	1,218	-11,512	-5,085	2,253	-2,791	3,691	-13,126
Goods	5,527	-7,680	-4,247	4,548	2,586	19,706	-1,852
Services	-4,309	-3,832	-838	-2,295	-5,377	-16,016	-11,274
Primary income	424	2,250	-3,369	628	-1,011	-10,023	-66
Compensation of employees	-1,523	-1,558	-1,596	-1,632	-1,666	-5,761	-6,309
Investment income	1,947	3,808	-1,773	2,261	655	-4,261	6,243
Direct investment	12,805	15,172	11,246	15,351	12,563	35,369	54,574
Portfolio investment	-10,117	-10,616	-11,769	-11,326	-10,471	-31,408	-43,828
Other investment	-741	-747	-1,249	-1,764	-1,437	-8,223	-4,502
Secondary income	-5,536	-414	-731	-1,106	-1,226	-3,980	-7,787
Capital account balance	-57	229	0	0	-52	-53	172
Financial account^{1,2}							
Net lending / net borrowing, from financial account	-5,691	-2,000	-7,798	-115	-178	-3,154	-15,604
Net acquisition of financial assets	-18,176	119,753	87,239	185,988	-66,920	278,939	374,804
Direct investment assets	55,680	7,897	31,129	17,308	29,788	112,772	112,014
Direct investment assets, equity	62,670	11,406	24,110	18,064	32,280	120,780	116,251
Direct investment assets, debt instruments	-6,990	-3,510	7,019	-756	-2,492	-8,007	-4,236
Canadian portfolio investment in foreign securities	-23,398	13,669	29,273	34,059	51,503	-11,485	53,603
Foreign debt securities	4,009	10,599	8,959	13,775	37,404	50,866	37,342
Foreign money market instruments	768	305	1,737	1,163	220	2,389	3,973
Foreign bonds	3,241	10,293	7,223	12,612	37,185	48,477	33,369
Foreign equity and investment fund shares	-27,407	3,071	20,314	20,284	14,099	-62,351	16,261
Official international reserves	536	8,924	-789	781	1,988	13,817	9,451
Other Canadian investment abroad	-50,993	89,263	27,626	133,840	-150,200	163,834	199,736
Loans	-26,489	24,037	3,640	36,770	-32,576	86,322	37,958
Currency and deposits	14,963	16,071	14,462	57,669	-81,253	70,372	103,165
Trade credits and advances	1,304	2,836	99	-1,365	-189	915	2,874
Other accounts receivable	-40,772	46,319	9,425	40,767	-36,181	6,225	55,739
Net incurrence of liabilities	-12,484	121,753	95,037	186,103	-66,742	282,093	390,409
Direct investment liabilities	18,495	7,762	28,793	9,295	-6,189	64,825	64,345
Direct investment liabilities, equity	20,723	15,442	18,755	14,058	-2,530	66,356	68,978
Direct investment liabilities, debt instruments	-2,228	-7,680	10,038	-4,763	-3,660	-1,531	-4,633
Foreign portfolio investment in Canadian securities	-6,905	37,491	-10,199	12,395	23,568	137,612	32,781
Canadian debt securities	10,221	55,743	-4,855	19,979	29,682	149,633	81,089
Canadian money market instruments	-16,613	14,437	1,492	2,117	-28,185	366	1,433
Canadian bonds	26,835	41,306	-6,347	17,862	57,868	149,267	79,656
Canadian equity and investment fund shares	-17,127	-18,252	-5,345	-7,584	-6,115	-12,021	-48,307
Other foreign investment in Canada	-24,074	76,500	76,443	164,413	-84,121	79,656	293,282
Loans	-47,233	42,688	39,278	41,660	-16,771	42,468	76,394
Currency and deposits	23,421	33,347	37,216	122,077	-67,564	32,077	216,061
Special drawing rights	0	0	0	0	0	0	0
Trade credits and advances	-402	326	-189	535	68	521	271
Other accounts payable	139	140	138	140	146	4,589	556
Discrepancy (net errors and omissions)	-1,741	7,446	1,388	-1,890	4,902	7,211	5,203

1. Transactions are recorded on a net basis.

2. In the financial account, a positive value denotes an increase in investment and a negative value denotes a decrease in investment.

Source(s): Tables 36-10-0016-01, 36-10-0014-01, 36-10-0472-01 and 36-10-0471-01.

Table 2
Current account – Seasonally adjusted

	First quarter 2023	Second quarter 2023	Third quarter 2023	Fourth quarter 2023	First quarter 2024	2022	2023
millions of dollars							
Current account receipts	299,865	297,391	303,046	307,337	309,030	1,143,281	1,207,640
Goods and services	242,257	236,962	241,515	244,354	242,340	952,159	965,088
Goods	194,682	187,621	191,793	194,226	191,703	779,188	768,322
Services	47,575	49,340	49,722	50,128	50,637	172,970	196,765
Travel	12,401	13,179	13,361	12,982	12,760	36,520	51,923
Transportation	4,933	4,889	4,882	4,962	5,033	18,849	19,665
Commercial services	29,788	30,822	31,042	31,765	32,426	115,915	123,418
Government services	454	451	436	418	419	1,687	1,760
Primary income	52,713	55,585	57,004	58,386	61,488	172,943	223,688
Compensation of employees	288	285	286	285	294	1,124	1,144
Investment income	52,425	55,300	56,718	58,101	61,194	171,819	222,545
Direct investment	29,426	29,820	29,137	30,010	30,541	107,637	118,393
Interest	2,863	2,973	2,977	3,240	3,638	9,994	12,052
Profits	26,564	26,847	26,160	26,770	26,903	97,643	106,341
Portfolio investment	12,528	13,125	13,268	14,185	15,187	45,364	53,106
Interest on debt securities	5,260	5,726	5,839	6,397	6,640	17,984	23,222
Dividends on equity and investment fund shares	7,269	7,399	7,429	7,788	8,546	27,379	29,884
Other investment	10,470	12,356	14,313	13,906	15,467	18,819	51,045
Secondary income	4,895	4,845	4,528	4,596	5,202	18,180	18,864
Private transfers	1,307	1,338	1,375	1,358	1,365	4,829	5,378
Government transfers	3,588	3,507	3,153	3,238	3,837	13,350	13,486
Current account payments	303,581	304,153	309,040	311,845	314,395	1,153,593	1,228,619
Goods and services	243,411	244,752	243,724	246,327	247,085	948,468	978,214
Goods	193,122	193,322	191,659	192,072	192,806	759,482	770,175
Services	50,289	51,430	52,065	54,255	54,279	188,986	208,039
Travel	12,294	12,849	13,464	14,167	13,998	37,259	52,774
Transportation	8,732	8,803	8,342	8,774	9,045	36,078	34,651
Commercial services	28,809	29,308	29,780	30,838	30,762	113,867	118,735
Government services	453	469	480	476	475	1,782	1,878
Primary income	51,512	53,161	59,535	59,548	61,575	182,966	223,754
Compensation of employees	1,802	1,844	1,886	1,921	1,955	6,885	7,453
Investment income	49,709	51,316	57,649	57,627	59,621	176,081	216,301
Direct investment	16,443	14,729	17,246	15,401	17,919	72,268	63,819
Interest	875	886	897	865	806	3,224	3,523
Profits	15,568	13,843	16,349	14,536	17,113	69,044	60,296
Portfolio investment	22,670	23,586	24,955	25,724	25,709	76,771	96,935
Interest on debt securities	15,269	16,314	17,634	18,442	18,599	48,294	67,658
Dividends on equity and investment fund shares	7,401	7,272	7,321	7,282	7,110	28,478	29,276
Other investment	10,596	13,002	15,448	16,502	15,993	27,041	55,547
Secondary income	8,658	6,241	5,782	5,970	5,734	22,159	26,651
Private transfers	6,531	4,154	3,766	3,860	4,049	14,107	18,311
Government transfers	2,127	2,087	2,016	2,110	1,685	8,052	8,340
Current account balances	-3,716	-6,762	-5,994	-4,508	-5,365	-10,312	-20,980
Goods and services	-1,154	-7,790	-2,209	-1,973	-4,745	3,691	-13,126
Goods	1,560	-5,700	134	2,154	-1,104	19,706	-1,852
Services	-2,714	-2,090	-2,343	-4,127	-3,641	-16,016	-11,274
Travel	107	330	-103	-1,185	-1,238	-739	-851
Transportation	-3,800	-3,915	-3,459	-3,812	-4,012	-17,229	-14,986
Commercial services	979	1,513	1,263	927	1,664	2,047	4,682
Government services	0	-18	-43	-57	-56	-95	-119
Primary income	1,202	2,425	-2,531	-1,162	-88	-10,023	-66
Compensation of employees	-1,514	-1,559	-1,600	-1,636	-1,661	-5,761	-6,309
Investment income	2,716	3,984	-931	474	1,573	-4,261	6,243
Direct investment	12,983	15,091	11,891	14,609	12,622	35,369	54,574
Interest	1,987	2,087	2,080	2,375	2,833	6,770	8,529
Profits	10,996	13,004	9,811	12,234	9,790	28,599	46,045
Portfolio investment	-10,142	-10,461	-11,687	-11,539	-10,523	-31,408	-43,828
Interest on debt securities	-10,009	-10,588	-11,795	-12,044	-11,958	-30,309	-44,436
Dividends on equity and investment fund shares	-132	127	108	505	1,436	-1,098	608
Other investment	-126	-646	-1,135	-2,596	-527	-8,223	-4,502
Secondary income	-3,763	-1,397	-1,254	-1,374	-532	-3,980	-7,787
Private transfers	-5,224	-2,816	-2,391	-2,502	-2,684	-9,278	-12,933
Government transfers	1,461	1,419	1,137	1,129	2,152	5,298	5,145

Source(s): Tables 36-10-0018-01, 36-10-0014-01 and 36-10-0002-01.

Available tables: [12-10-0157-01](#), [36-10-0002-01](#), [36-10-0003-01](#), [36-10-0014-01](#), [36-10-0016-01](#), [36-10-0018-01](#) to [36-10-0021-01](#) , [36-10-0023-01](#), [36-10-0025-01](#) to [36-10-0027-01](#) , [36-10-0442-01](#), [36-10-0471-01](#) to [36-10-0473-01](#) and [36-10-0656-01](#).

Definitions, data sources and methods: survey numbers [1534](#), [1535](#), [1536](#) and [1537](#).

The document, "[Enterprise surveys and the measurement of digital trade in services in Canada](#)," which is part of *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)), is available.

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 product "[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.

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

The product [Methodology for Exports of Energy Products within the International Merchandise Trade Program](#), which is part of *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)), is available.

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).