Canada's international investment position, second quarter 2025

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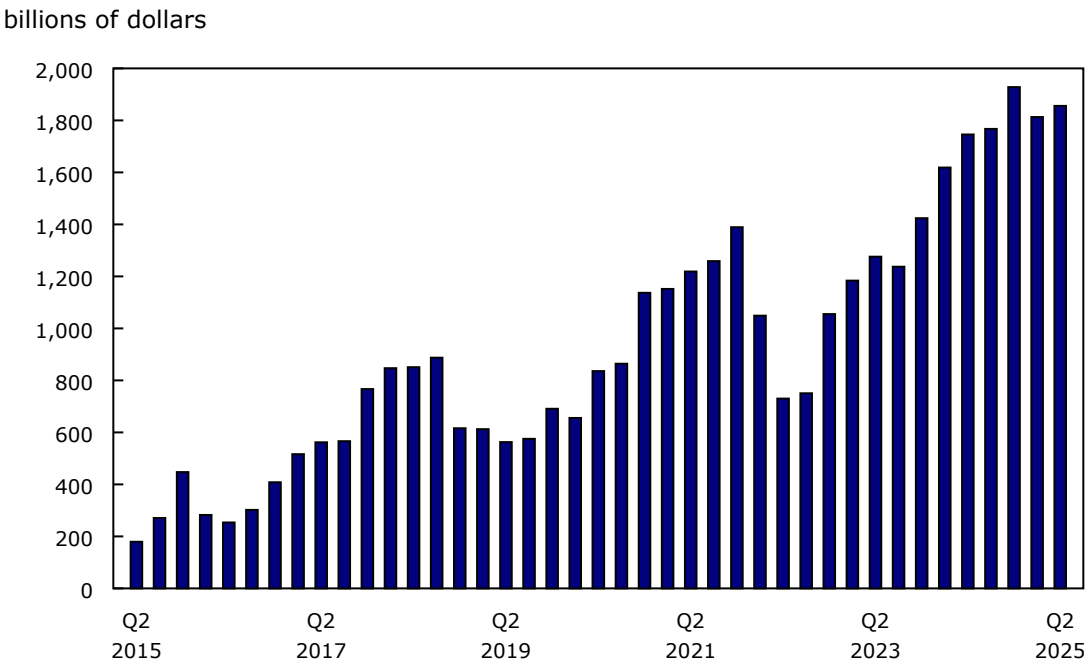
Canada's net foreign asset position—the difference between Canada's international financial assets and international liabilities—increased by $42.8 billion to $1,855.7 billion at the end of the second quarter, following a decline of $115.1 billion in the previous quarter. Overall, the increase in the second quarter came from the significant upward revaluation from market price changes. This more than offset the sizable downward revaluation from fluctuations in exchange rates and the borrowing needs to finance a record current account deficit in the second quarter.

Chart 1
Canada's net international investment position

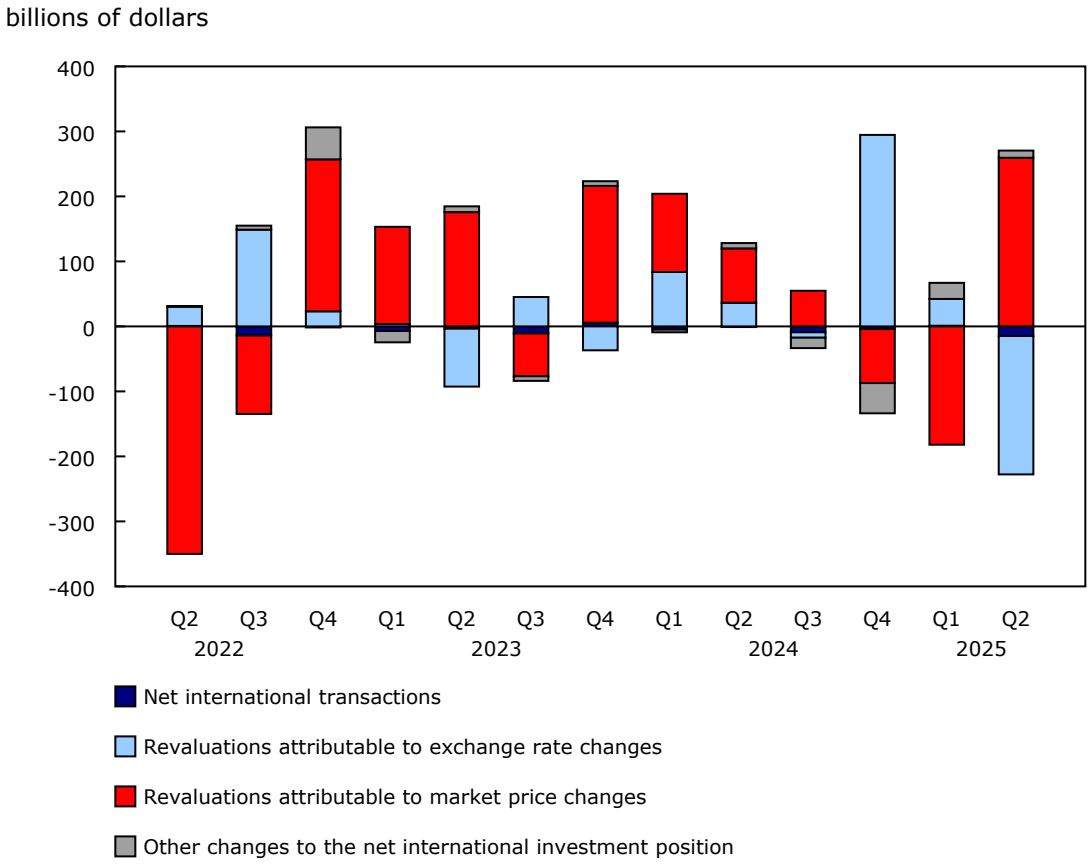


Source(s): Table 36-10-0485-01.

The upward revaluation due to market price changes added $259.4 billion to Canada's net foreign asset position by the end of the second quarter. Both the US (+10.6%) and the Canadian (+7.8%) stock markets saw significant gains. However, as equities made up a greater share of Canada's international assets (68.4%) than its international liabilities (44.7%) at the end of the second quarter, fluctuations in equity prices contributed to a higher upward revaluation of assets than of liabilities.

The downward revaluation effect from fluctuations in exchange rates led to a $212.9 billion reduction of the net foreign asset position in the second quarter. At the end of the second quarter, 96.7% of Canada's international assets were denominated in foreign currencies (66.2% in US dollars), compared with 39.6% of its international liabilities (28.3% in US dollars). This made Canada's assets more sensitive to exchange rate fluctuations than its liabilities. In the second quarter, the Canadian dollar appreciated 5.4% against the US dollar.

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



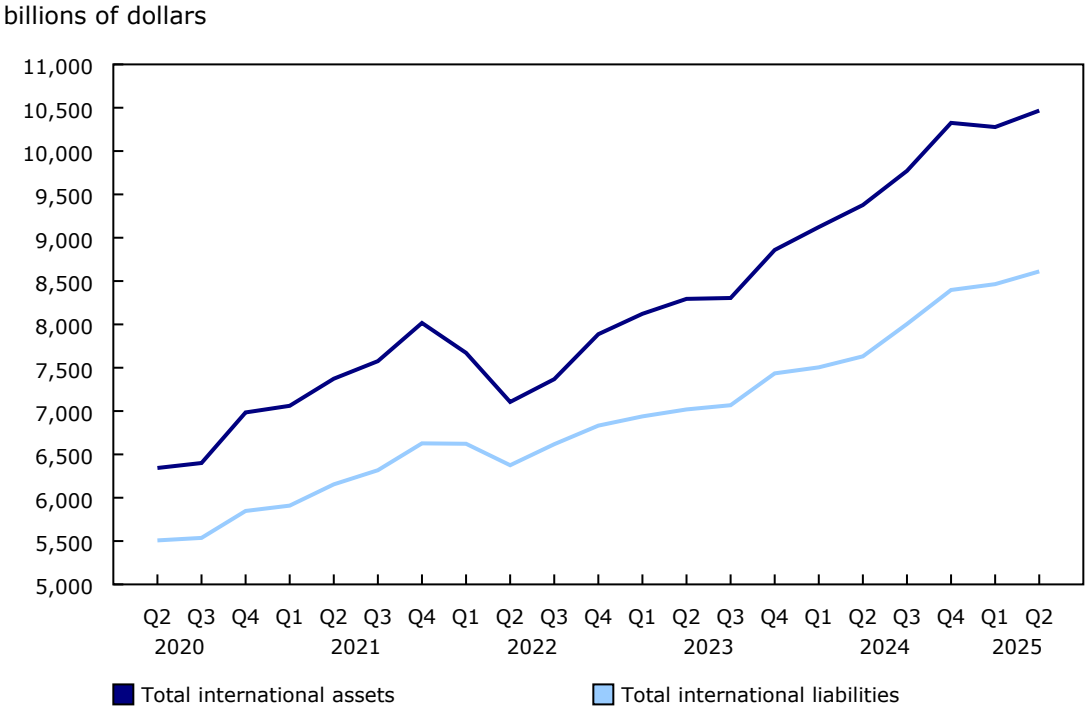
Source(s): Table 36-10-0454-01.

International assets and liabilities increase at a similar rate

Canada's international assets were up by $189.7 billion (+1.8%) to $10,467.0 billion at the end of the second quarter. The substantial upward revaluation attributable to market price changes (+$426.7 billion) and, to a lesser extent, acquisitions of foreign assets (+$41.7 billion) led the growth. The downward revaluation resulting from exchange rate fluctuations (-$312.7 billion) moderated the growth.

Meanwhile, Canada's international liabilities amounted to $8,611.3 billion at the end of the second quarter, an increase of $146.9 billion (+1.7%) from the first quarter. The increase in the second quarter was primarily due to the revaluation effect from market price changes (+$167.4 billion) and financial account transactions (+$56.6 billion). The revaluation effect from exchange rate changes (-$99.8 billion) moderated the overall increase in Canada's international liabilities.

Chart 3
Canada's international assets and liabilities



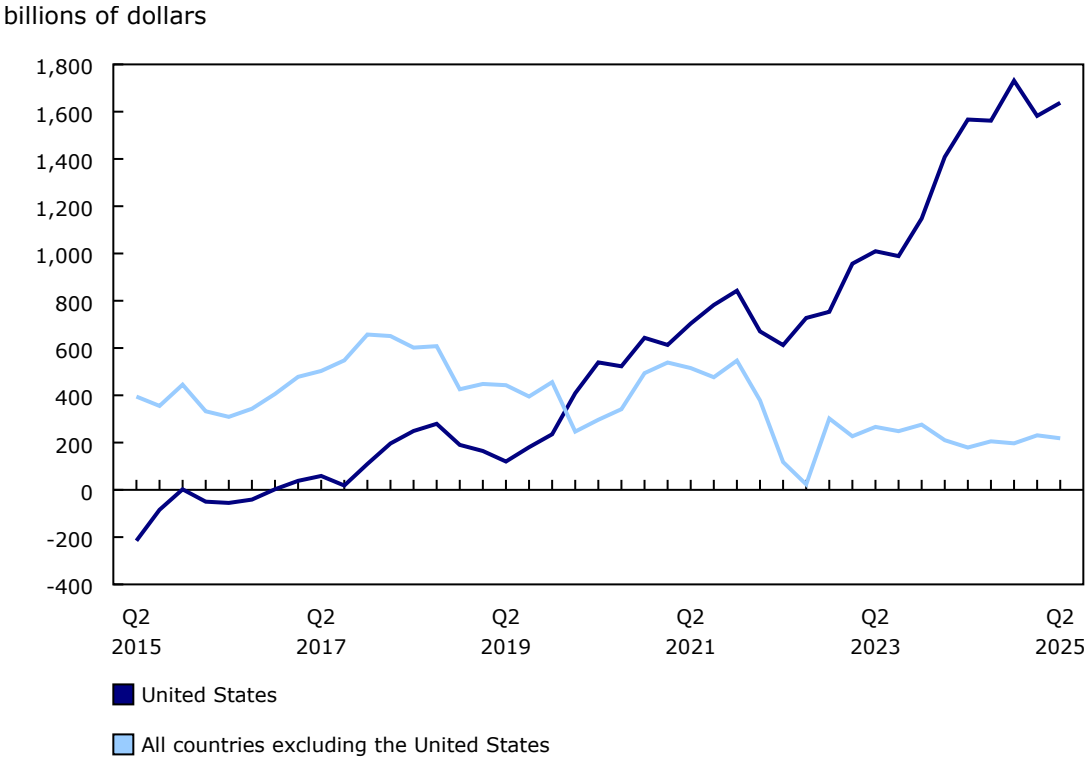
Source(s): Table 36-10-0485-01.

Canadian investors' exposure to US markets

On a geographical basis, Canada's net foreign asset position with the United States reached $1,637.6 billion at the end of the second quarter, up $55.4 billion from the previous quarter. Canadian investors are highly exposed to the US financial markets. At the end of the second quarter, 58.9% of Canada's foreign financial assets and 52.5% of its international liabilities were with the United States.

Meanwhile, Canada's net foreign asset position with the rest of the world was down by $12.6 billion to $218.1 billion by the end of the second quarter.

Chart 4
Canada's net international investment position, by region



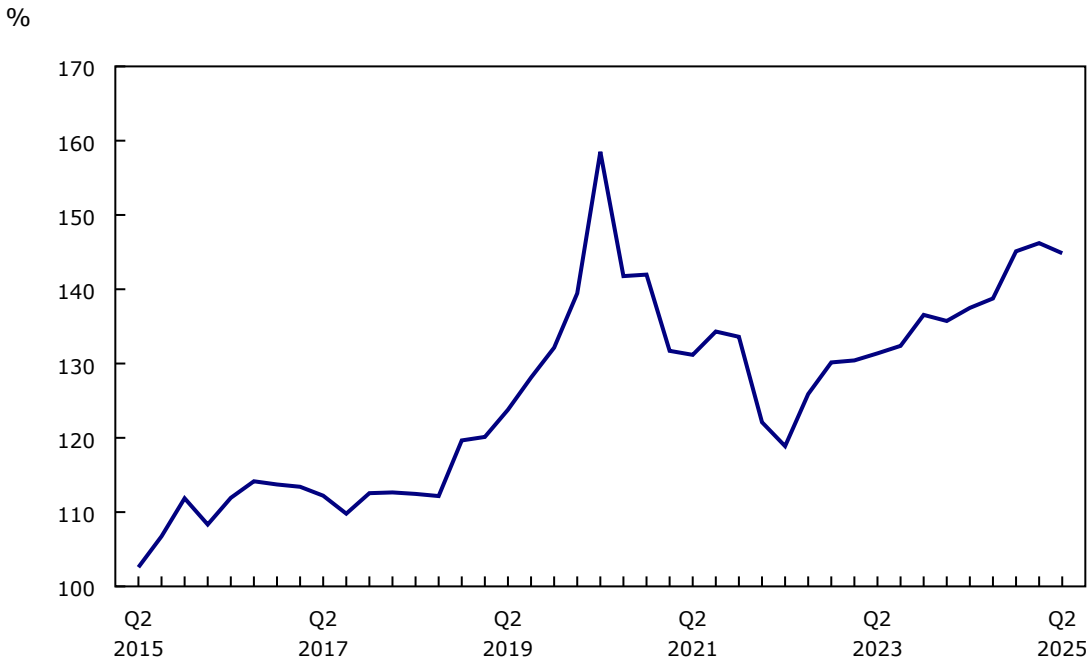
Source(s): Table 36-10-0485-01.

Canada's gross external debt declines

Canada's gross external debt, or the value of Canadian debt instruments held by foreign investors, decreased by $61.4 billion to $4,581.0 billion at the end of the second quarter, marking the first decline since the first quarter of 2024. On a sector basis, the gross external debt of the financial sector declined by $50.0 billion to $2,690.2 billion by the end of the second quarter of 2025. The decline was driven by retirements of bonds, mainly bonds denominated in US dollars with an original maturity of two to five years. Meanwhile, the gross external debt of the government sector grew by $0.6 billion to $849.9 billion, a seventh consecutive quarterly increase.

Canada's gross external debt represented 144.8% of its gross domestic product at the end of the second quarter, down from 146.2% in the previous quarter.

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

	Second quarter 2024	Third quarter 2024	Fourth quarter 2024	First quarter 2025	Second quarter 2025	First quarter to second quarter 2025
	billions of dollars					difference in billions of dollars
Assets	**9,377.3**	**9,771.5**	**10,325.1**	**10,277.2**	**10,467.0**	**189.7**
Direct investment assets	3,997.2	4,137.2	4,300.2	4,328.7	4,427.7	99.1
Equity	3,551.9	3,692.9	3,840.5	3,852.3	3,961.7	109.4
Debt instruments	445.3	444.3	459.7	476.3	466.0	-10.3
Canadian portfolio investment	3,747.8	3,963.4	4,173.5	4,109.2	4,231.5	122.3
Foreign debt securities	940.2	988.1	1,033.9	1,057.4	1,036.6	-20.7
Foreign money market instruments	17.5	10.5	14.6	13.6	11.0	-2.6
Foreign bonds	922.8	977.6	1,019.3	1,043.8	1,025.6	-18.2
Foreign equity and investment fund shares	2,807.5	2,975.3	3,139.6	3,051.8	3,194.9	143.1
Official international reserves	168.2	172.9	175.0	181.1	174.4	-6.7
Other Canadian investment	1,464.1	1,497.9	1,676.4	1,658.2	1,633.3	-25.0
Loans	537.6	529.8	570.6	587.6	548.3	-39.3
Currency and deposits	731.8	767.7	860.4	869.7	851.1	-18.7
Trade credits and advances	10.8	10.6	10.5	10.0	9.2	-0.7
Other accounts receivable	183.9	189.8	234.9	190.9	224.6	33.7
Financial derivatives	120.7	130.1	171.7	125.1	157.2	32.0
Liabilities	**7,631.4**	**8,004.3**	**8,397.2**	**8,464.4**	**8,611.3**	**146.9**
Direct investment liabilities	2,712.7	2,895.9	2,959.4	3,000.0	3,097.7	97.7
Equity	2,245.6	2,421.4	2,481.7	2,514.9	2,621.4	106.5
Debt instruments	467.1	474.5	477.6	485.1	476.3	-8.9
Foreign portfolio investment	3,167.7	3,355.5	3,473.9	3,544.1	3,567.7	23.6
Canadian debt securities	2,132.8	2,231.5	2,319.7	2,387.2	2,339.1	-48.1
Canadian money market instruments	163.3	161.4	192.4	176.6	169.6	-7.0
Canadian bonds	1,969.5	2,070.1	2,127.3	2,210.6	2,169.5	-41.1
Canadian equity and investment fund shares	1,034.9	1,124.0	1,154.2	1,156.9	1,228.6	71.7
Other foreign investment	1,751.0	1,752.8	1,963.9	1,920.2	1,945.9	25.7
Loans	478.9	441.1	503.9	533.8	511.4	-22.3
Currency and deposits	1,030.2	1,052.6	1,156.5	1,142.6	1,161.1	18.5
Special drawing rights	29.8	30.3	31.0	31.6	31.4	-0.2
Trade credits and advances	13.7	13.3	14.7	13.8	13.5	-0.3
Other accounts payable	198.4	215.7	257.8	198.5	228.5	30.0
Financial derivatives	150.2	167.4	209.6	150.3	180.3	30.0
Net international investment position	**1,745.8**	**1,767.2**	**1,928.0**	**1,812.9**	**1,855.7**	**42.8**

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

Table 2
Quarterly change in Canada's international investment position

	Second quarter 2025					
	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	Position at end of period
	billions of dollars					
Assets	**10,277.2**	**41.7**	**-312.7**	**426.7**	**34.0**	**10,467.0**
Direct investment assets	4,328.7	26.8	-71.8	145.2	-1.2	4,427.7
Canadian portfolio investment	4,109.2	26.8	-178.5	278.5	-4.5	4,231.5
Foreign debt securities	1,057.4	7.1	-52.1	8.9	15.4	1,036.6
Foreign equity and investment fund shares	3,051.8	19.7	-126.4	269.6	-19.9	3,194.9
Official international reserves	181.1	-4.6	-5.0	2.9	0.0	174.4
Other Canadian investment	1,658.2	-7.3	-57.4	0.0	39.7	1,633.3
Liabilities	**8,464.4**	**56.6**	**-99.8**	**167.4**	**22.8**	**8,611.3**
Direct investment liabilities	3,000.0	18.5	-2.1	87.6	-6.4	3,097.7
Foreign portfolio investment	3,544.1	-16.8	-40.0	79.7	0.7	3,567.7
Canadian debt securities	2,387.2	-13.8	-40.0	5.0	0.7	2,339.1
Canadian equity and investment fund shares	1,156.9	-3.0	0.0	74.7	0.0	1,228.6
Other foreign investment	1,920.2	54.9	-57.8	0.0	28.6	1,945.9
Net international investment position	**1,812.9**	**-14.8**	**-212.9**	**259.4**	**11.1**	**1,855.7**

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 third quarter of 2025 will be released on December 10.

Available tables: 36-10-0039-01, 36-10-0412-01, 36-10-0443-01, 36-10-0446-01, 36-10-0454-01, 36-10-0469-01, 36-10-0485-01 and 36-10-0593-01.

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

The International trade statistics portal is available on the Statistics Canada website.

The updated 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 charts and tables. It provides easy access to information on trade, investment, employment and travel between Canada and a number of countries, including the United States, Mexico, China, Japan, Belgium, Italy, the Netherlands and Spain.

The Canada's international trade and investment country fact sheet (**71-607-X**) is also 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**).