

# Canada's international transactions in securities, January 2014

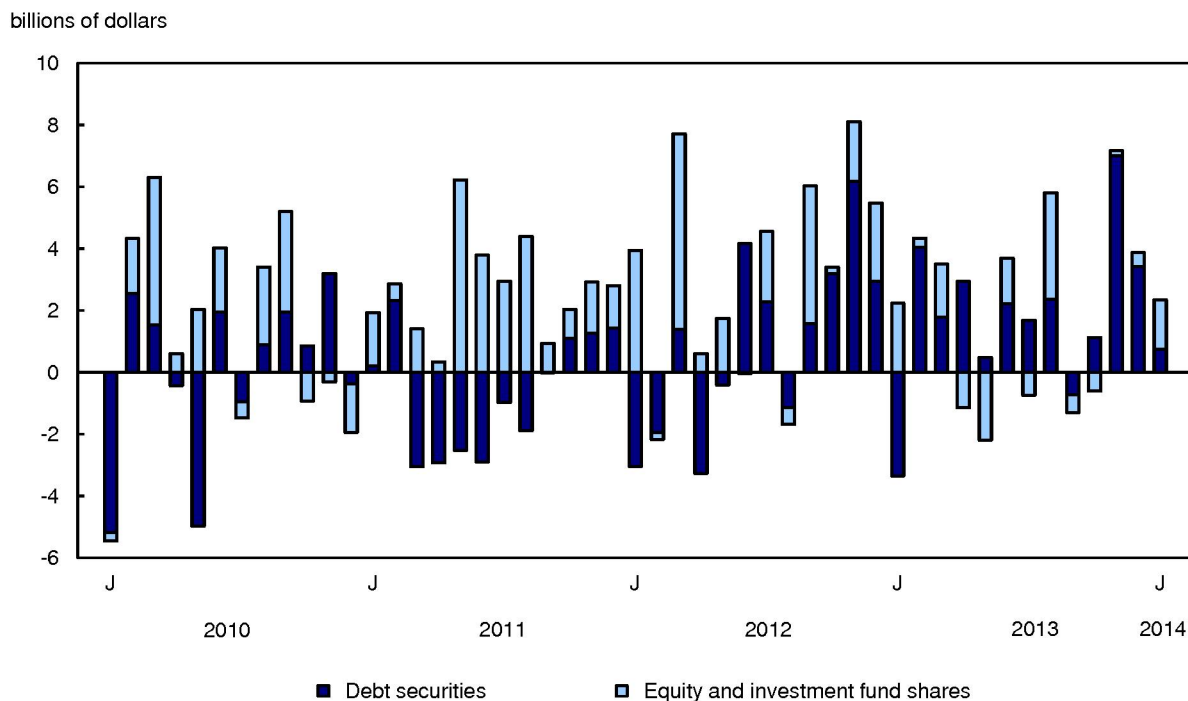
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Canadian investors added \$2.3 billion of foreign securities to their holdings in January, a fourth straight month of such investment. At the same time, foreign investors acquired \$1.1 billion of Canadian securities, led by equities. As a result, cross-border transactions in securities generated a net outflow of funds for a second consecutive month.

## Canadian investors add US bonds and equities to their holdings

Canadians continued to invest in foreign securities in January but at a slower pace compared with the previous two months, adding \$2.3 billion worth to their holdings. Acquisitions in the month focused on US bonds and equities, but this activity was moderated by a reduction in Canadian holdings of US money market instruments.

**Chart 1**  
**Canadian investment in foreign securities**



Canadian investment in foreign bonds totalled \$1.5 billion and was again led by US government bonds. These acquisitions were partly offset by a \$0.8 billion divestment in US Treasury bills, the largest since December 2012. US short- and long-term interest rates both declined in January.

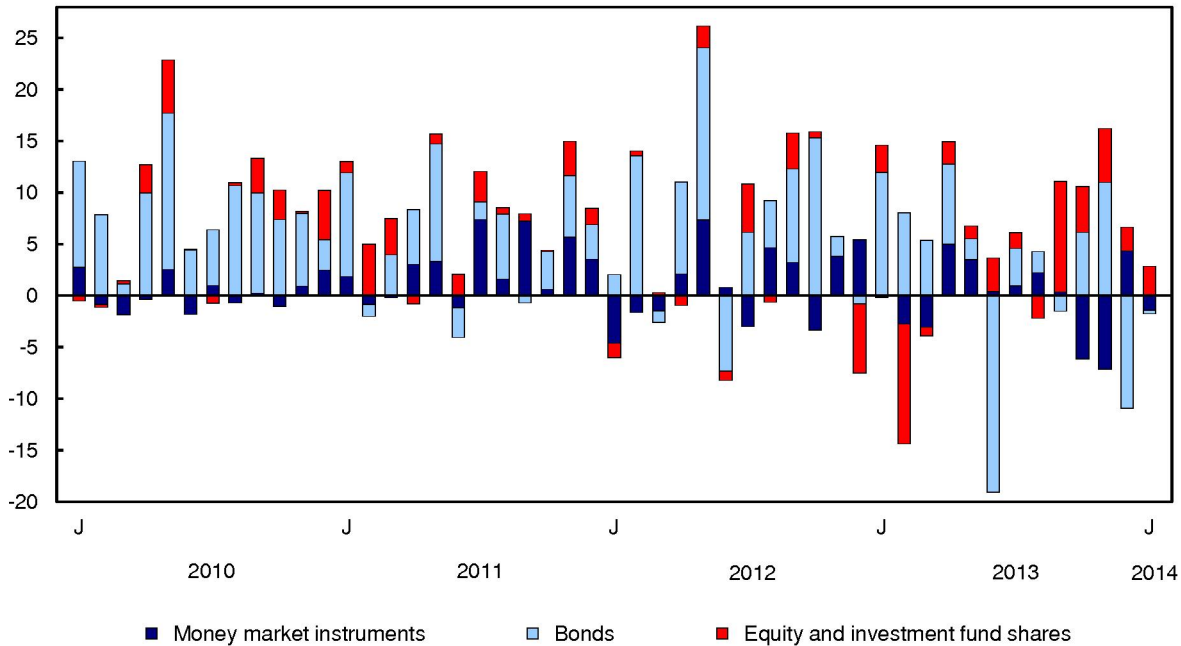
Canadian investors also acquired \$1.6 billion of foreign equities in January, all US shares. This marked the highest investment in US shares in a year. The US stock market was down by 3.6% in January, following four straight months of increases.

## Foreign investors divest Canadian debt securities and acquire Canadian equities

Foreign investors reduced their holdings of Canadian debt securities by \$1.8 billion in January, mainly short-term debt instruments. This followed a \$6.6 billion divestment in December.

**Chart 2**  
**Foreign investment in Canadian securities**

billions of dollars



Non-residents withdrew \$1.4 billion from the Canadian money market, led by federal and provincial government paper. This marked the fourth straight month of divestment in federal government paper. During this time, non-residents reduced their exposure to these instruments by \$10.2 billion, led by retirements. Foreign purchases of new Canadian private corporate paper moderated the overall divestment in the month.

Foreign holdings of Canadian bonds edged down by \$330 million in January. Cross-border activity in Canadian government bonds was subdued in January after a sizable divestment in December. Activity in January reflected a divestment in private corporate bonds, mainly retirements, largely offset by foreign purchases of new federal government business enterprises bonds. Canadian short- and long-term interest rates were both down in January, the latter declining by 36 basis points by month-end. The Canadian dollar depreciated further against the US dollar, down 4.2 US cents at the end of the month.

Foreign investment in Canadian equities was \$2.8 billion in January, a fifth straight month of acquisitions totalling \$25.5 billion. The Canadian equity market was up for a seventh consecutive month in January and reached its highest level since May 2011.

### Note to readers

The data series on international transactions in securities cover 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, classified as foreign direct investment in the international accounts.

**Equity and investment fund shares** include common and preferred equities as well as units/shares of investment funds.

**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.

**Table 1**  
**Canada's international transactions in securities**

	November 2013	December 2013	January 2014	2012 <sup>1</sup>	2013 <sup>1</sup>
	millions of dollars				
<b>Foreign investment in Canadian securities</b>	<b>9,081</b>	<b>-4,283</b>	<b>1,086</b>	<b>83,205</b>	<b>42,799</b>
Debt securities	3,854	-6,592	-1,750	82,237	23,903
Money market instruments	-7,128	4,322	-1,420	13,255	-2,521
Governments	-4,038	2,620	-3,549	3,479	-6,899
Federal government	-1,179	-2,146	-1,739	457	-10,016
Other governments	-2,859	4,767	-1,810	3,022	3,116
Corporations	-3,089	1,702	2,129	9,776	4,379
Government business enterprises	-1,373	269	-79	369	272
Private corporations	-1,716	1,432	2,207	9,407	4,107
Bonds	10,982	-10,914	-330	68,982	26,423
Governments	3,051	-7,976	80	46,528	-10,268
Federal government	2,535	-6,554	134	32,884	-7,161
Other governments	517	-1,422	-54	13,644	-3,108
Corporations	7,930	-2,938	-410	22,454	36,692
Government business enterprises	4,010	-1,311	2,319	2,790	4,636
Private corporations	3,921	-1,627	-2,728	19,664	32,056
Equity and investment fund shares	5,227	2,309	2,836	968	18,896
<b>Canadian investment in foreign securities</b>	<b>7,171</b>	<b>3,876</b>	<b>2,338</b>	<b>35,141</b>	<b>27,519</b>
Debt securities	7,016	3,417	751	11,933	23,008
Money market instruments	-482	287	-742	-1,615	1,586
Bonds	7,498	3,130	1,494	13,548	21,421
Equity and investment fund shares	155	459	1,587	23,208	4,511

1. Cumulative transactions.

**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.

**Available in CANSIM: tables 376-0131 to 376-0138.**

**Definitions, data sources and methods: survey number 1535.**

Data on Canada's international transactions in securities for February will be released on April 16.

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