

Canada's international transactions in securities, April 2014

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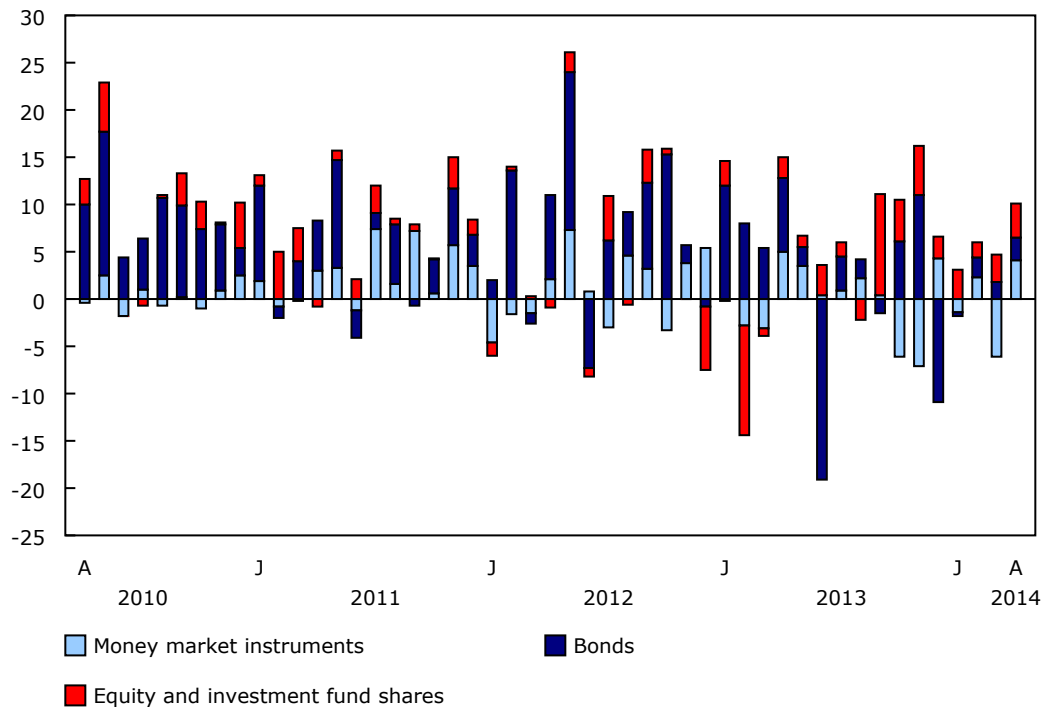
Foreign investment in Canadian securities resumed in April as non-residents added \$10.1 billion to their holdings, marking the highest such acquisition in a year. Meanwhile, Canadian investment in foreign securities slowed to \$2.5 billion.

Foreign investment in Canadian debt securities resumes

Foreign investment in Canadian debt securities was \$6.5 billion in April, following a \$4.3 billion divestment in March. Non-resident investors continued to shift their portfolios in favour of Canadian corporate debt securities, and reduced their holdings of government debt instruments for a ninth straight month.

Chart 1
Foreign investment in Canadian securities

billions of dollars



Foreign investment in the Canadian money market amounted to \$4.1 billion, following a \$6.1 billion divestment in the previous month. The inflows in April were led by foreign purchases of provincial government paper. Non-resident investors also acquired federal government paper following six months of divestment in these instruments, largely retirements. Canadian short-term interest rates edged up by six basis points in April.

Foreign acquisitions of Canadian bonds amounted to \$2.4 billion and reflected purchases of new private corporate bonds (\$6.5 billion), which were strong for a second consecutive month. This investment was partially offset by a \$3.9 billion reduction in foreign holdings of federal government bonds in April. Over the last three months, foreign divestments of federal government bonds totalled \$9.0 billion. Canadian long-term interest rates were down slightly in April and the Canadian dollar appreciated 0.8 US cent against the US dollar.

Foreign investors add to their holdings of Canadian equities

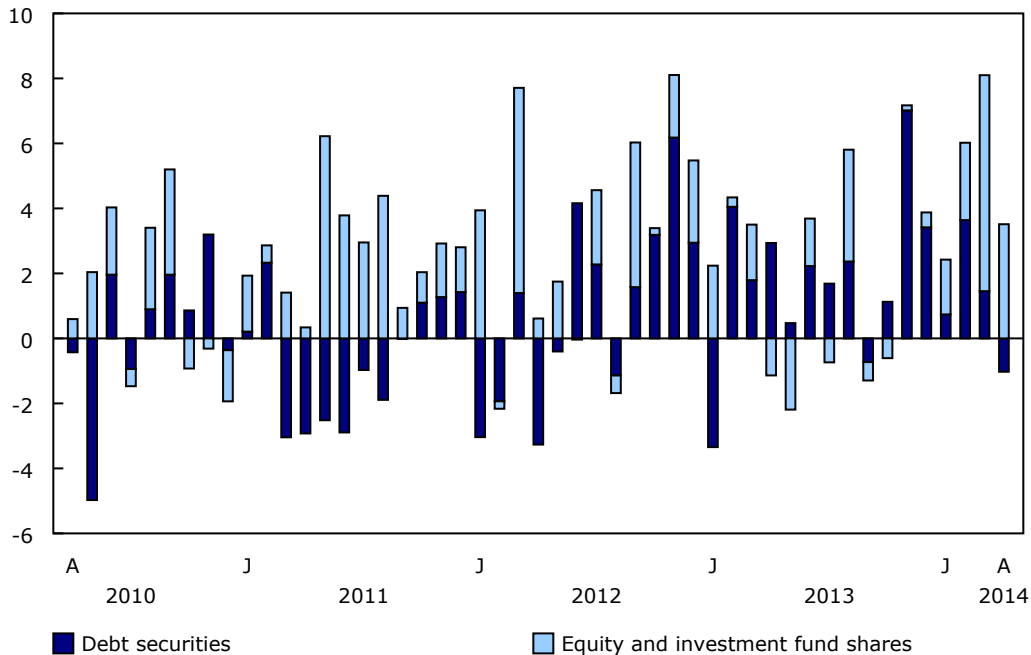
Foreign investors acquired \$3.6 billion of Canadian shares in April, all secondary market purchases. This marked an eighth consecutive month of such investment in the domestic equity market. Canadian stock prices continued their upward trend, gaining 2.2% in April to reach their highest level since May 2008.

Canadian investors acquire foreign equities and sell foreign debt

Canadian investors' acquisitions of foreign equities amounted to \$3.5 billion in April as investment in US shares exceeded that of non-US foreign shares for the first time in three months. The US stock market, as measured by the Standard and Poor's 500 index, was up slightly (+0.6%) at month-end.

Chart 2
Canadian investment in foreign securities

billions of dollars



Canadian investors repatriated \$1.0 billion of funds from foreign debt markets in April. Canadian holdings of US Treasury securities were down by \$3.7 billion, the largest divestment since January 2013. This activity was moderated by acquisitions of US corporate debt securities, led by bonds denominated in Canadian dollars. Both long and short-term US interest rates were down in April.

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

	February 2014	March 2014	April 2014	January to April 2013 ¹	January to April 2014 ¹
	millions of dollars				
Foreign investment in Canadian securities	6,007	-1,408	10,130	24,480	15,972
Debt securities	4,445	-4,291	6,490	32,111	4,834
Money market instruments	2,327	-6,059	4,102	-1,011	-1,050
Governments	917	-4,480	2,843	-4,138	-4,269
Federal government	-40	-3,436	424	-6,986	-4,790
Other governments	957	-1,044	2,419	2,849	522
Corporations	1,410	-1,580	1,259	3,127	3,219
Government business enterprises	1,036	826	969	1,173	2,753
Private corporations	374	-2,405	290	1,954	466
Bonds	2,117	1,768	2,388	33,122	5,884
Governments	-2,089	-1,597	-3,415	12,175	-7,071
Federal government	-3,628	-1,444	-3,937	7,848	-8,917
Other governments	1,539	-153	522	4,327	1,846
Corporations	4,206	3,365	5,803	20,947	12,955
Government business enterprises	3,937	-1,800	471	6,842	4,924
Private corporations	269	5,165	5,331	14,105	8,031
Equity and investment fund shares	1,563	2,884	3,640	-7,631	11,138
Canadian investment in foreign securities	6,021	8,099	2,487	8,528	19,031
Debt securities	3,640	1,453	-1,026	5,431	4,807
Money market instruments	938	-343	744	873	597
Bonds	2,702	1,797	-1,770	4,558	4,210
Equity and investment fund shares	2,380	6,646	3,513	3,097	14,224

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 May will be released on July 17.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca).

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