

Canada's international transactions in securities, June 2015

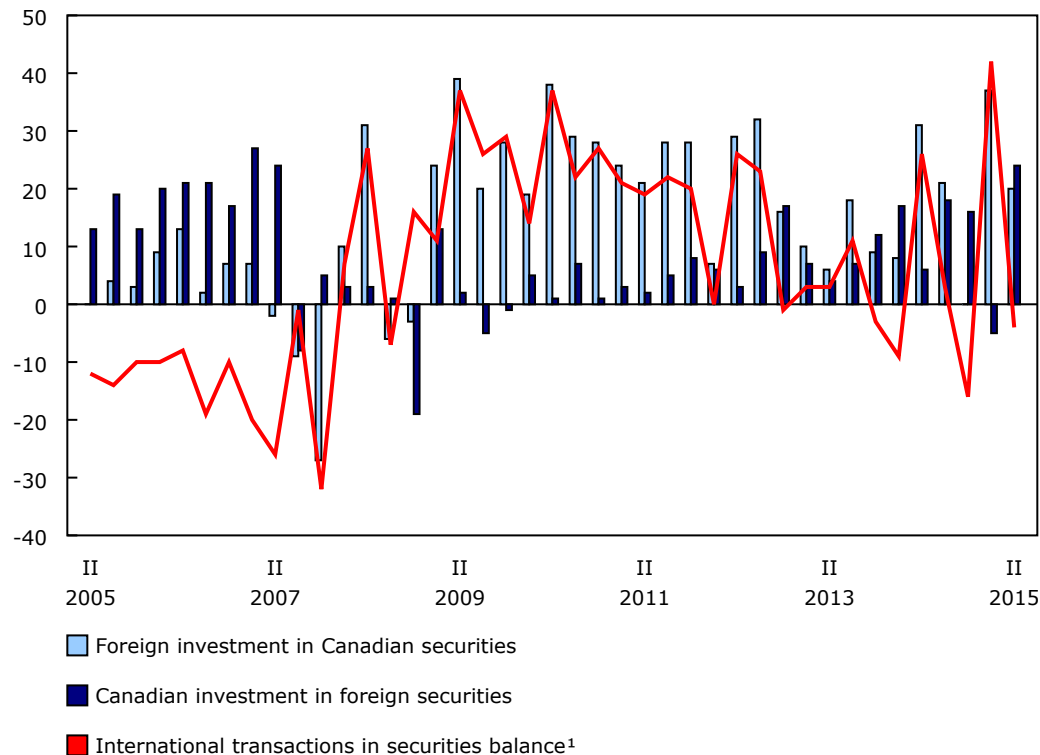
Released at 8:30 a.m. Eastern time in *The Daily*, Monday, August 17, 2015

Foreign investors added \$8.5 billion of Canadian securities to their holdings in June, following a \$5.5 billion divestment in May. At the same time, Canadian investors acquired \$8.6 billion of foreign securities, all non-US instruments.

In the second quarter, Canada's international transactions in securities generated a net outflow of funds from the economy of \$4.4 billion, as Canadian investors placed more funds abroad than foreign investors placed in Canada.

Chart 1
Canada's international transactions in securities, quarterly

billions of dollars



1. A positive value denotes a net inflow of funds and a negative value denotes a net outflow of funds.
Source(s): CANSIM table [376-0132](#).

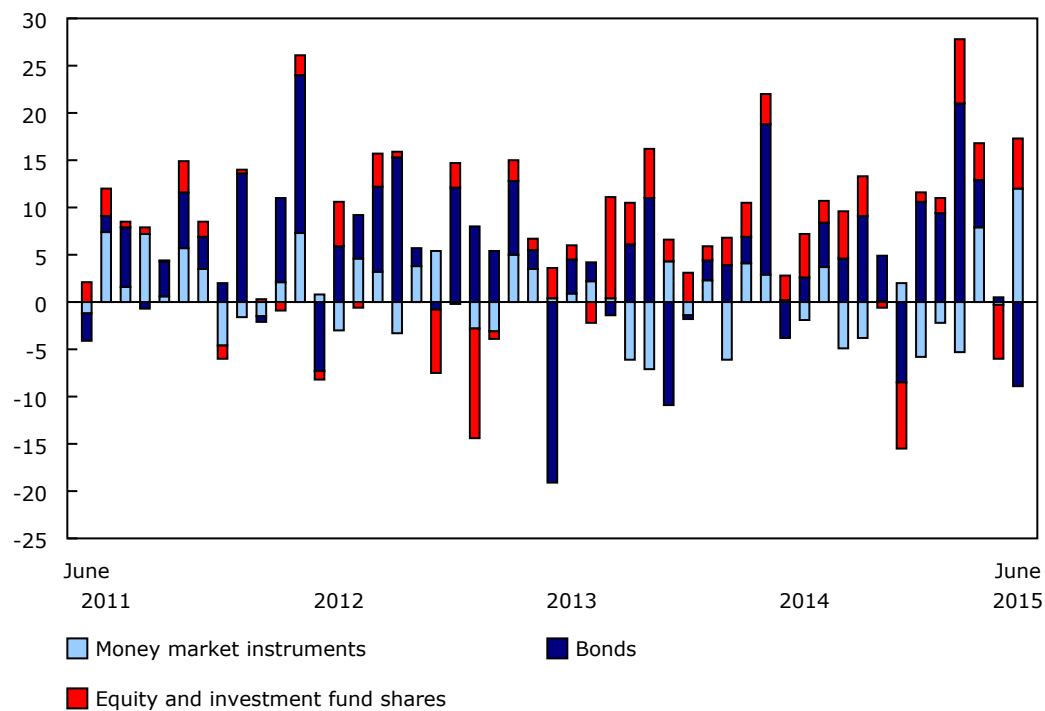
Foreign investment in Canadian securities led by money market instruments

Foreign investment in Canadian debt securities was \$3.2 billion in June. However, transactions in the month also reflected significant portfolio adjustments by foreign investors, specifically movements of funds between long- and short-term debt instruments. Non-resident investment in the Canadian money market reached a record \$12.0 billion, led by acquisitions of private corporate and provincial government paper.



Chart 2 Foreign investment in Canadian securities

billions of dollars



Source(s): CANSIM table [376-0131](#).

Foreign holdings of Canadian bonds were down by \$8.9 billion in June, as non-residents reduced their exposure to both government and corporate instruments. The reduction in holdings of government bonds was all in provincial bonds, with a record divestment of \$7.9 billion, largely retirements. This marked a fifth consecutive month of divestment in these instruments.

The remainder of the divestment activity was retirements of private corporate bonds. Foreign investment in federal government and government business enterprise bonds moderated the overall divestment over the month. Canadian short-term interest rates were down by 5 basis points in June, while long-term rates were up by 10 basis points. The Canadian dollar depreciated slightly against its US counterpart in June.

Foreign acquisitions of Canadian shares amounted to \$5.3 billion in June and almost completely offset the divestment recorded in May. The Canadian stock market, as measured by the Standard and Poor's / Toronto Stock Exchange composite index, was down by 3.1% at the end of the month.

Canadian acquisitions of foreign securities focus on non-US instruments

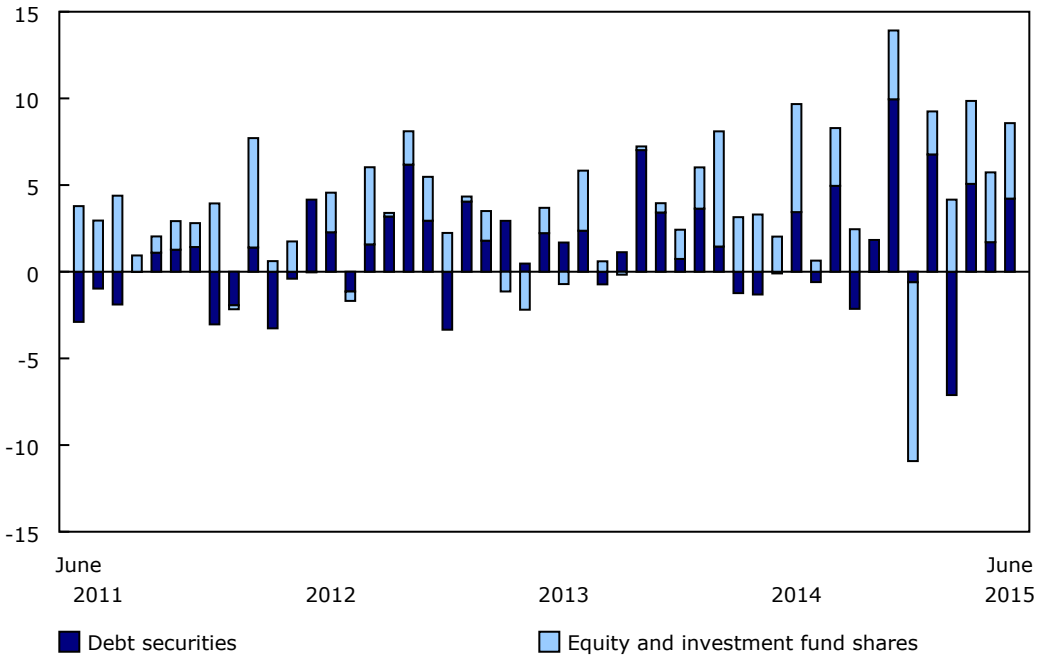
Canadian acquisitions of foreign securities reached \$8.6 billion in June, led by investment in non-US instruments. On a quarterly basis, Canadian investment in foreign securities amounted to \$24.2 billion in the second quarter, the highest such investment in eight years.

Canadian investment in foreign equities was \$4.4 billion in June. Canadian purchases of non-US foreign shares amounted to \$6.0 billion, the highest such activity since April 2007. A divestment in US shares moderated the overall investment in the month. US stock prices declined by 2.1%.

Canadian investors acquired \$4.2 billion of foreign debt securities in June, led by non-US foreign instruments. A decline in Canadian holdings of US Treasury securities partially offset the overall investment in the month. US long-term interest rates were up by 16 basis points in June.

Chart 3
Canadian investment in foreign securities

billions of dollars



Source(s): CANSIM table 376-0131.

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.

Next release

Data on Canada's international transactions in securities for July will be released on September 16.

Table 1
Canada's international transactions in securities

	April 2015	May 2015	June 2015	January to June 2014	January to June 2015
	millions of dollars				
Foreign investment in Canadian securities	16,731	-5,458	8,506	39,383	56,941
Debt securities	12,875	204	3,178	22,557	43,968
Money market instruments	7,875	-299	12,040	2,054	6,354
Governments	2,786	39	5,391	-3,489	-1,552
Federal government	2,994	-583	589	-4,120	-3,812
Other governments	-208	622	4,801	632	2,259
Corporations	5,090	-338	6,649	5,541	7,908
Government business enterprises	353	-60	1,761	2,012	806
Private corporations	4,737	-278	4,888	3,528	7,102
Bonds	5,000	502	-8,862	20,503	37,614
Governments	5,784	-4,572	-6,939	-5,605	13,795
Federal government	6,766	-2,046	694	-11,396	21,571
Other governments	-982	-2,526	-7,633	5,790	-7,776
Corporations	-784	5,074	-1,922	26,109	23,820
Government business enterprises	262	5,480	1,044	10,649	10,125
Private corporations	-1,046	-406	-2,967	15,460	13,695
Equity and investment fund shares	3,856	-5,662	5,328	16,827	12,972
Canadian investment in foreign securities	9,854	5,733	8,573	22,372	19,529
Debt securities	5,069	1,705	4,219	3,186	10,037
Money market instruments	430	312	-210	1,386	482
Bonds	4,639	1,393	4,429	1,801	9,557
Equity and investment fund shares	4,785	4,027	4,354	19,187	9,490

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.

Source(s): CANSIM table [376-0131](#).

Available in CANSIM: tables [376-0131 to 376-0138](#), [376-0145](#) and [376-0146](#).

Definitions, data sources and methods: survey number [1535](#).

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