

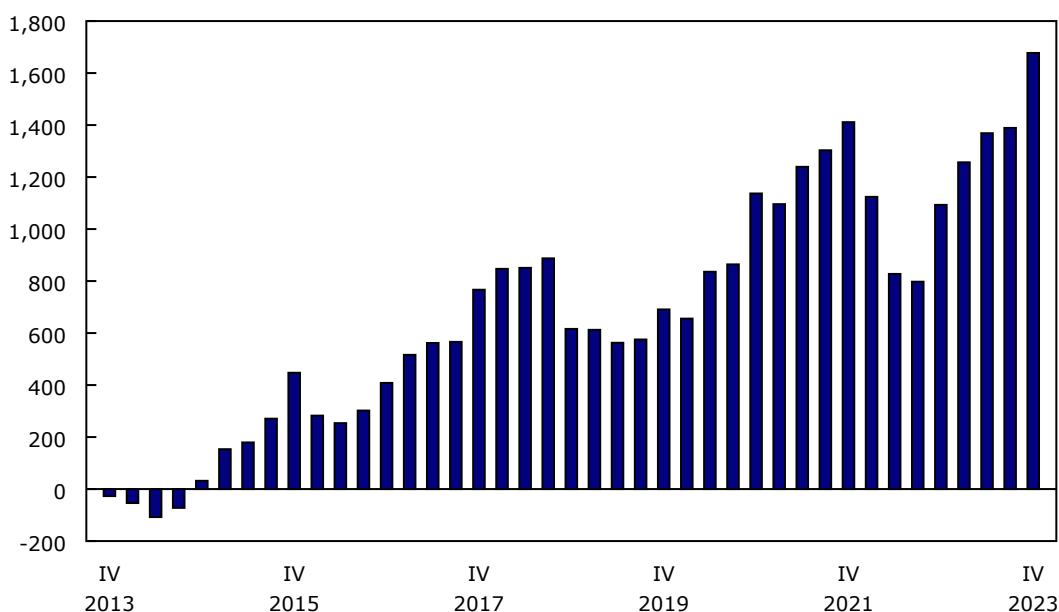
Canada's international investment position, fourth quarter 2023

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, March 12, 2024

Canada's net foreign asset position, the difference between its international financial assets and international liabilities, continued its upward trend in the fourth quarter and reached \$1,677.3 billion at the end of 2023, a significant increase of \$288.2 billion from the third quarter to the fourth quarter. Canada's net foreign asset position increased in each quarter of 2023. The growth in the fourth quarter was fuelled by the strength of global equity markets, to which Canada's international assets are highly exposed.

Chart 1
Canada's net international investment position

billions of dollars



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

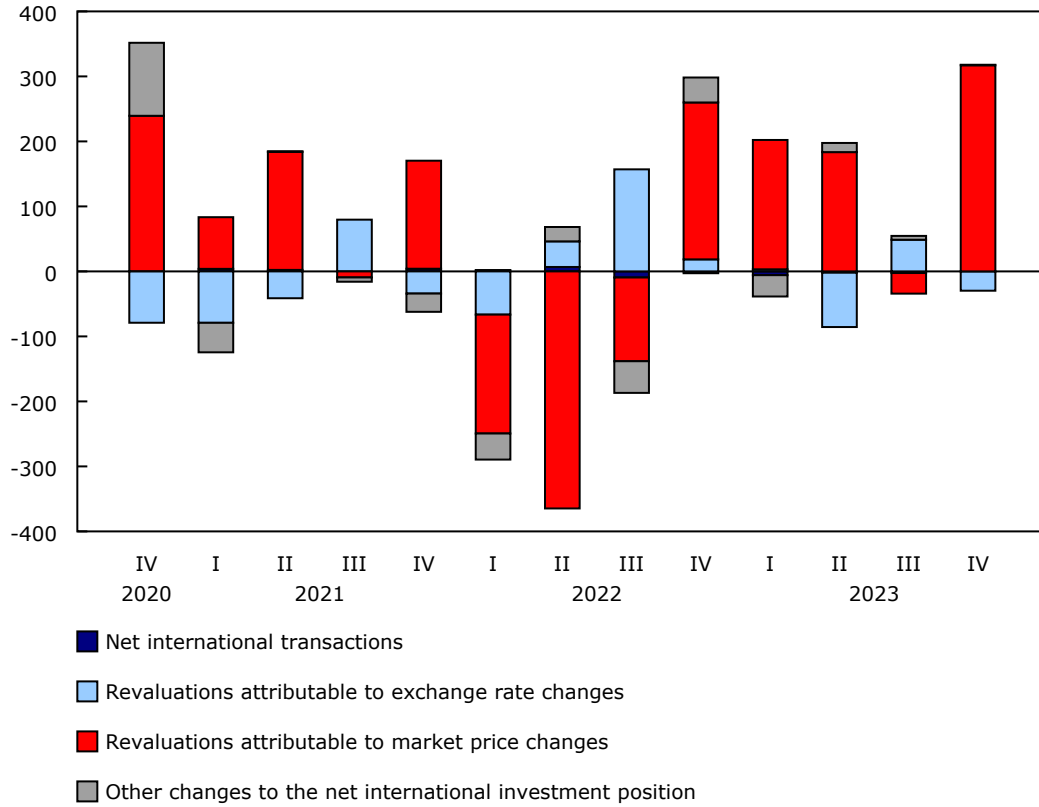
Overall, changes in market prices led to a \$317.1 billion increase in Canada's net foreign asset position. Major foreign stock markets had solid performances in the fourth quarter, with US (+11.2%) and European (+8.3%) stock markets both growing. Meanwhile, the Canadian stock market grew by 7.3%. At the end of the fourth quarter, 67.6% of Canada's international assets and 41.2% of its international liabilities were held in the form of equities.

The revaluation effect resulting from fluctuations in exchange rates (-\$29.6 billion) moderated the overall increase in Canada's net foreign asset position in the fourth quarter. Over the quarter, the Canadian dollar gained 2.2% against the US dollar and depreciated against the euro (-2.2%), the British pound (-1.9%) and the yen (-3.2%). At the end of the quarter, 96.7% of Canada's international assets were denominated in foreign currencies (66.6% in US dollars) compared with 42.6% of its international liabilities (31.4% in US dollars).

On a geographical basis, Canada's net foreign asset position with the United States increased by \$172.7 billion to \$1,305.7 billion at the end of the fourth quarter. Meanwhile, Canada's net foreign asset position with the rest of the world was up by \$115.5 billion to \$371.6 billion.

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

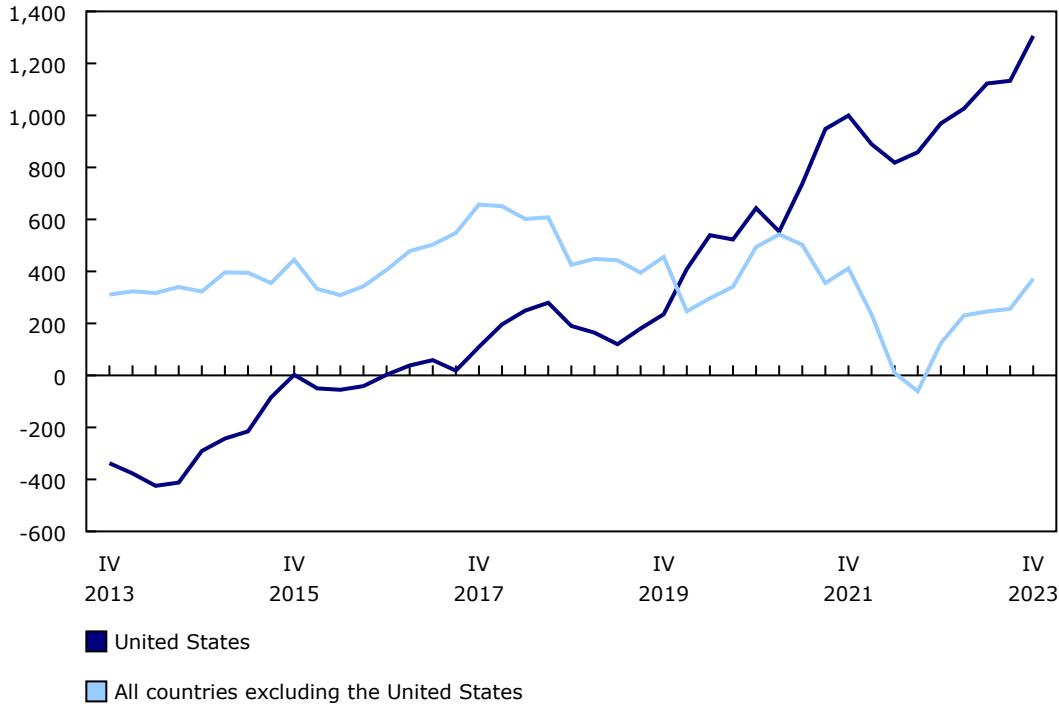
billions of dollars



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

Chart 3
Canada's net international investment position, by region

billions of dollars



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

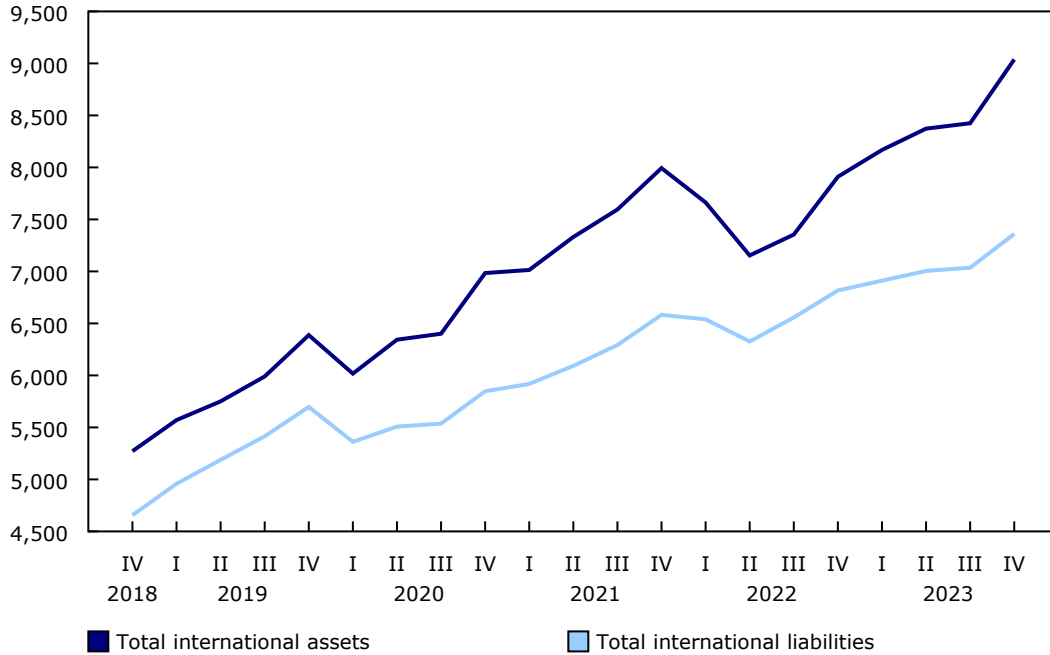
Unprecedented growth of Canada's international assets and liabilities

Canada's international financial assets were up by \$613.1 billion (+7.3%) to \$9,037.6 billion at the end of the fourth quarter, the highest quarterly increase on record. The upward revaluation attributable to market price changes (+\$492.3 billion) led the growth. Substantial acquisitions of foreign assets (+\$185.2 billion), mainly in the form of securities, also contributed to the gain. A downward revaluation (-\$65.8 billion) resulting from fluctuations in exchange rates moderated the overall growth. At the end of the fourth quarter, 71.1% of Canada's international assets were held by firms from the financial sector.

On the other side of the ledger, Canada's international liabilities were up \$324.9 billion to \$7,360.3 billion at the end of the fourth quarter, also the largest quarterly increase on record. The growth was fuelled by significant foreign borrowings (+\$185.3 billion), mainly in the form of currency and deposits, and debt securities. Revaluations resulting from the fluctuations in market prices of both equity and debt instruments (+175.2 billion) also contributed to the growth. The downward revaluation coming from the fluctuations of the Canadian dollar against foreign currencies (-\$36.2 billion) somewhat moderated the overall increase. At the end of the fourth quarter, the financial corporate sector accounted for 51.3% of Canada's total international liabilities compared with a proportion of 33.0% for non-financial corporations.

Chart 4
Canada's international assets and liabilities

billions of dollars



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

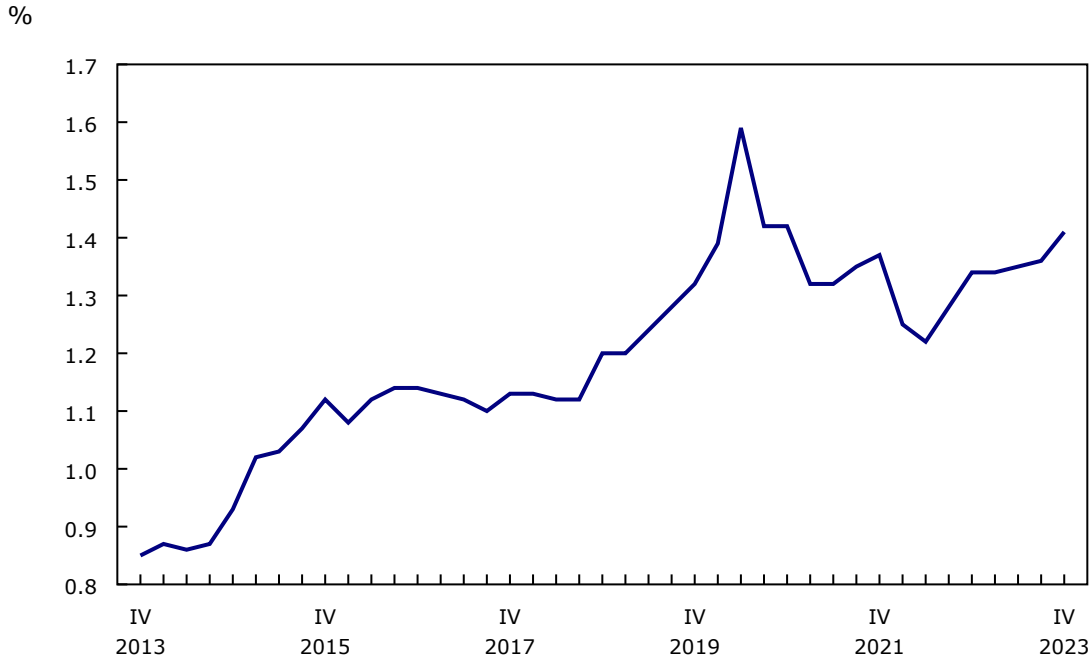
Canada's gross external debt increases

Canada's gross external debt, or the value of Canadian debt instruments held by foreign investors, increased by \$212.9 billion (+5.4%) to reach \$4,150.3 billion at the end of the fourth quarter.

On a sector basis, the bulk of the increase (+\$143.7 billion) was in the financial sector, mainly deposit-taking corporations. The gross external debt of the financial sector stood at \$2,528.6 billion at the end of the fourth quarter. The government sector's gross external debt grew by \$49.2 billion, reaching \$661.1 billion.

Canada's gross external debt represented 140.6% of its gross domestic product (GDP) at the end of 2023, the highest level since the fourth quarter of 2020.

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](#).

Canada's net foreign asset position grows significantly in 2023

Canada's net foreign asset position increased by \$584.2 billion in 2023, following a decline of \$318.1 billion in 2022. Global stock markets recorded considerable gains in the year, driving up Canada's net foreign asset position. On the other hand, a generally stronger Canadian dollar and borrowing needs to finance a current account deficit moderated the overall growth in 2023. As a proportion of Canada's GDP, the net foreign asset position represented 56.8% at the end of 2023, up from 38.5% at the end of 2022 and 53.5% at the end of 2021.

The change in the net international investment position is highly influenced by the difference in the composition of international financial assets and liabilities in terms of instruments and currencies. Overall, international assets tend to be more significantly revalued than liabilities given their much higher exposure to equity instruments and foreign currencies, notably to the US stock market and the US dollar.

Table 1
Canada's international investment position at period end

	Fourth quarter 2022	First quarter 2023	Second quarter 2023	Third quarter 2023	Fourth quarter 2023	Third quarter to fourth quarter 2023
	billions of dollars					difference in billions of dollars
Assets	7,909.8	8,167.6	8,372.7	8,424.5	9,037.6	613.1
Direct investment assets	3,435.7	3,713.2	3,764.9	3,789.0	3,948.0	158.9
Equity	3,015.6	3,318.6	3,378.7	3,394.1	3,554.6	160.5
Debt instruments	420.1	394.5	386.2	394.9	393.3	-1.6
Canadian portfolio investment	2,905.9	2,929.9	3,045.1	3,021.7	3,407.6	386.0
Foreign debt securities	785.4	795.1	801.6	802.4	849.0	46.6
Foreign money market instruments	11.9	12.6	12.5	14.4	14.2	-0.2
Foreign bonds	773.5	782.4	789.1	788.0	834.8	46.8
Foreign equity and investment fund shares	2,120.5	2,134.8	2,243.6	2,219.3	2,558.7	339.4
Official international reserves	145.3	148.8	151.3	152.0	156.4	4.4
Other Canadian investment	1,422.9	1,375.8	1,411.4	1,461.8	1,525.5	63.8
Loans	515.1	488.4	504.3	515.2	536.2	21.0
Currency and deposits	659.2	674.2	677.3	700.9	749.0	48.2
Trade credits and advances	11.2	12.5	15.3	14.5	14.1	-0.4
Other accounts receivable	237.4	200.7	214.5	231.2	226.2	-5.0
Financial derivatives	178.0	140.2	152.5	170.1	163.3	-6.8
Liabilities	6,816.8	6,911.0	7,004.1	7,035.5	7,360.3	324.9
Direct investment liabilities	2,358.6	2,450.6	2,490.2	2,456.1	2,514.6	58.5
Equity	1,883.0	1,989.3	2,040.1	2,001.2	2,062.9	61.6
Debt instruments	475.6	461.4	450.0	454.9	451.8	-3.1
Foreign portfolio investment	2,830.4	2,880.4	2,868.4	2,817.3	2,946.2	128.9
Canadian debt securities	1,876.2	1,909.7	1,922.9	1,902.0	1,976.9	74.9
Canadian money market instruments	174.1	157.7	170.8	174.5	176.0	1.5
Canadian bonds	1,702.1	1,752.1	1,752.1	1,727.4	1,800.9	73.4
Canadian equity and investment fund shares	954.2	970.7	945.5	915.3	969.3	54.0
Other foreign investment	1,627.7	1,579.9	1,645.6	1,762.1	1,899.6	137.4
Loans	428.2	380.6	414.9	459.9	495.0	35.1
Currency and deposits	923.5	960.1	980.2	1,029.8	1,135.9	106.1
Special drawing rights	30.0	30.1	29.2	29.4	29.5	0.0
Trade credits and advances	13.4	13.0	13.1	13.2	13.1	-0.1
Other accounts payable	232.6	196.1	208.2	229.8	226.2	-3.7
Financial derivatives	184.3	147.8	160.0	181.6	177.9	-3.7
Net international investment position	1,093.0	1,256.6	1,368.6	1,389.0	1,677.3	288.2

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

Table 2
Quarterly change in Canada's international investment position

	Fourth quarter 2023					Position at end of period
	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	
	billions of dollars					
Assets	8,424.5	185.2	-65.8	492.3	1.3	9,037.6
Direct investment assets	3,789.0	16.2	-21.8	165.4	-0.8	3,948.0
Canadian portfolio investment	3,021.7	33.5	-19.5	322.3	49.6	3,407.6
Foreign debt securities	802.4	13.8	-7.9	35.1	5.6	849.0
Foreign equity and investment fund shares	2,219.3	19.7	-11.6	287.2	44.1	2,558.7
Official international reserves	152.0	0.8	-1.0	4.6	0.0	156.4
Other Canadian investment	1,461.8	134.7	-23.5	-0.0	-47.5	1,525.5
Liabilities	7,035.5	185.3	-36.2	175.2	0.6	7,360.3
Direct investment liabilities	2,456.1	11.3	-0.6	48.9	-1.1	2,514.6
Foreign portfolio investment	2,817.3	12.0	-9.5	126.3	0.1	2,946.2
Canadian debt securities	1,902.0	20.0	-9.5	64.4	0.1	1,976.9
Canadian equity and investment fund shares	915.3	-8.0	0.0	62.0	0.0	969.3
Other foreign investment	1,762.1	161.9	-26.0	0.0	1.6	1,899.6
Net international investment position	1,389.0	-0.1	-29.6	317.1	0.8	1,677.3

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.

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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 first quarter of 2024 will be released on June 12, 2024.

Available tables: [36-10-0038-01](#), [36-10-0039-01](#), [36-10-0412-01](#), [36-10-0443-01](#), [36-10-0446-01](#), [36-10-0454-01](#), [36-10-0469-01](#), [36-10-0474-01](#), [36-10-0485-01](#) and [36-10-0593-01](#).

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

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

The [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 through 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 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 *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).