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SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES DECEMBER 1965

AND

REVIEW OF SECURITY TRADING DURING 1965

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SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES

Review of International Trade in Securities - 1965

Transactions in portfolio securities between Canada and other countries in 1965 produced a net capital inflow of $503 million, substantially less than the inflow of $682 million recorded in 1964. The inflow from security transactions was again larger than the inflow for direct investment in foreign-controlled enterprises, which until recently constituted the major type of long-term capital inflow. The United States was the sole net source of portfolio security capital in 1965 although, on balance, the value of securities purchased from Canadian residents in 1965 was smaller than in 1964 ($568 million compared with $723 million). During 1965 Canada's transactions in portfolio securities with the United Kingdom and other foreign countries led to net outflows of $56 million and $9 million respectively.

The gross value of transactions in long-term securities between Canada and other countries in 1965, at $4,368 million was over $200 million more than in 1964. As Tables 6C and 6D show, during the last few years there has been a marked growth of gross transactions in outstanding foreign securities, which aggregated $1,324 million in 1965. This contrasts sharply with the pattern of gross transactions in outstanding Canadian securities which amounted to $1,469 million in 1965, considerably less than the levels of 1961 and 1962. In addition to the movements in capital resulting from these transactions there is a substantial trade in short-term securities viz. instruments having an original term of one year or less, such as treasury bills, commercial and finance company paper. The composition of security transactions over the past eight years is given in the summary below.

During 1965 steps taken to improve the United States balance of payments position had a significant influence on Canada's international trading in both long-term and short-term securities. New measures adopted during the year included the introduction of a series of voluntary guidelines inhibiting the export of United States capital and the deferral of some deliveries of Canadian offerings on the New York capital market during the latter part of the fourth quarter. It will be seen from the summary table that the transaction mainly responsible for the $179 million fall in capital inflows between 1964 and 1965 was the $144 million rise in the repatriation of foreign-held outstanding Canadian equities. In addition, Canadian purchases of new issues of foreign securities increased by $27 million.

Security Transactions Between Canada and Other Countries

Net sales (+) or purchases (-) by Canadians	1958	1959	1960	1961	1962	1963	1964	1965
	millions of dollars							
Canadian securities:								
Trade in outstanding bonds, etc. ..	-	+ 91	+ 3	+ 61	+ 64	+ 39	+ 77	+ 64
Trade in outstanding stocks	+ 88	+ 110	+ 51	+ 39	- 116	- 170	- 97	- 241
New issues	+ 677	+ 707	+ 447	+ 538	+ 728	+ 984	+ 1,123	+ 1,127
Retirements	- 158	- 258	- 265	- 300	- 320	- 404	- 358	- 373
Foreign securities:								
Trade in outstanding issues	+ 13	- 32	- 19	- 5	- 68	+ 40	- 46	- 42
New issues	- 17	- 13	- 18	- 38	- 17	- 39	- 27	- 54
Retirements	+ 7	+ 12	+ 18	+ 9	+ 20	+ 21	+ 10	+ 22
Total - All securities	+ 610	+ 617	+ 217	+ 304	+ 291	+ 471	+ 682	+ 503

Note: This table excludes capital inflows for direct investment in Canadian enterprises by foreign owners or controlling interests, and security transactions of a short-term character analogous to changes in bank balances. Data for 1965 are preliminary and data for 1964 are subject to revision.

Transactions in Canadian Securities between Canada and Other Countries

No.		1963 First quarter	Second quarter	Third quarter	Fourth quarter	Total
		millions of dollars				
	Trade in Outstanding Canadian Securities between Canada and All Countries					
	Bonds and debentures:					
1	Government of Canada, direct	+ 18	+ 14	- 2	- 3	+ 27
2	Government of Canada, guaranteed	+ 2	+ 6	+ 3	+ 4	+ 15
3	Provincial government (incl. guar.)	+ 3	+ 1	- 4	+ 1	+ 1
4	Municipal	+ 1	-	-	-	+ 1
5	Railways, not guaranteed by government ..	- 1	-	-	- 1	- 2
6	Other corporations	-	+ 6	- 4	- 5	- 3
7	Sub-totals, bonds and debentures	+ 23	+ 27	- 7	- 4	+ 39
8	Common and preference stock	- 57	- 44	- 27	- 42	- 170
9	Totals	- 34	- 17	- 34	- 46	- 131
	Proceeds of New Issues of Canadian Securities Sold to Non-residents					
	Bonds and debentures:					
10	Government of Canada, direct	141	14	4	14	173
11	Government of Canada, guaranteed	-	-	-	-	-
12	Provincial government (incl. guar.)	186	89	64	4	343
13	Municipal government	30	24	3	5	62
14	Railways, not guaranteed by government ..	-	-	-	-	-
15	Other corporations	49	274	20	49	392
16	Sub-totals, bonds and debentures	406	401	91	72	970
17	Common and preference stock	4	4	3	3	14
18	Totals	410	405	94	75	984
	Retirements of Canadian Securities Held by Non-residents					
	Bonds and debentures:					
19	Government of Canada, direct	5	37	11	21	74
20	Government of Canada, guaranteed	2	-	-	-	2
21	Provincial government (incl. guar.)	12	40	8	10	70
22	Municipal government	17	19	17	24	77
23	Railways, not guaranteed by government ..	3	-	-	1	4
24	Other corporations	21	30	16	30	97
25	Sub-totals, bonds and debentures	60	126	52	86	324
26	Common and preference stock	4	72	3	1	80
27	Totals	64	198	55	87	404

Transactions in Canadian Securities between Canada and Other Countries - Concluded

1964					1965					
First quarter	Second quarter	Third quarter	Fourth quarter	Total	First quarter	Second quarter	Third quarter	Fourth quarter	Total	No.
millions of dollars										
Trade in Outstanding Canadian Securities between Canada and All Countries										
-	+ 10	+ 22	+ 9	+ 41	- 1	+ 11	+ 24	+ 6	+ 40	1
+ 3	+ 3	+ 7	+ 6	+ 19	+ 3	+ 3	+ 6	+ 2	+ 14	2
- 2	+ 1	+ 5	+ 11	+ 15	+ 3	+ 2	+ 5	+ 2	+ 12	3
+ 2	+ 1	-	+ 2	+ 5	+ 2	+ 2	+ 2	+ 1	+ 7	4
-	-	-	-	-	-	-	-	-	-	5
+ 1	- 1	+ 3	- 6	- 3	- 4	- 1	+ 1	- 5	- 9	6
+ 4	+ 14	+ 37	+ 22	+ 77	+ 3	+ 17	+ 38	+ 6	+ 64	7
- 44	- 8	- 5	- 40	- 97	- 83	- 84	- 28	- 46	- 241	8
- 40	+ 6	+ 32	- 18	- 20	- 80	- 67	+ 10	- 40	- 177	9
Proceeds of New Issues of Canadian Securities Sold to Non-residents										
5	18	11	9	43	8	1	11	7	27	10
-	-	-	-	-	-	-	-	-	-	11
95	144	35	165	439	30	124	101	43	298	12
6	51	6	121	184	16	34	11	23	84	13
-	-	-	-	-	-	-	-	-	-	14
27	99	62	248	436	210	143	174	169	696	15
133	312	114	543	1,102	264	302	297	242	1,105	16
5	6	3	7	21	9	4	1	8	22	17
138	318	117	550	1,123	273	306	298	250	1,127	18
Retirements of Canadian Securities Held by Non-residents										
7	35	10	35	87	9	26	28	18	81	19
-	-	-	-	-	-	-	-	-	-	20
38	12	9	9	68	9	10	5	10	34	21
14	15	11	22	62	11	14	6	19	50	22
2	-	-	1	3	2	-	-	1	3	23
12	29	25	20	86	32	125	15	26	198	24
73	91	55	87	306	63	175	54	74	366	25
36	9	2	5	52	3	1	3	-	7	26
109	100	57	92	358	66	176	57	74	373	27

Statistics compiled by the Bank of Canada indicate gross deliveries of new Canadian issues in both domestic and foreign capital markets during 1965 amounted to $6,700 million. Retirements totalled $4,500 million to leave a net new supply of $2,200 million. After accounting for retirements, non-residents purchased a net $577 million of new and outstanding issues, or the equivalent of 26 per cent of the net new supply. This compares with 25 per cent in 1964.

In 1965 the Government of Canada retired on balance $62 million of its direct and guaranteed issues -- the first time there had been no net increase since 1957. Non-resident transactions in these issues resulted in no net capital movement with net sales of outstanding and new issues being offset by retirements. This contrasts with 1964 and 1963 when net new issues totalled $557 million and $752 million respectively and non-residents' net acquisitions comprised 2 per cent and 19 per cent of the totals. There were no direct placements of Government of Canada issues on foreign markets in either 1965 or 1964; in 1963, however, the figures include partial delivery of an issue placed privately in the United States. Net acquisitions by non-residents of other Canadian securities in 1965 were equivalent to 25 per cent of the net new supply.

Transactions by areas

As shown in Table 1 the inflow of $568 million which resulted from transactions in portfolio securities with the United States during 1965, represented an appreciable reduction from the previous year's large inflow of $723 million. Transactions in Canadian securities produced an inflow of $630 million or $146 million less than in 1964, while the net outflow stemming from Canadian purchases of foreign securities increased somewhat to $62 million.

Summary of Trade in Outstanding Securities between Canada and Other Countries

	Sales by Canadians		Purchases by Canadians		Net sales (+) or purchases (-)	
	1964	1965	1964	1965	1964	1965
	millions of dollars					
Canadian Securities						
By country:						
United States	420	337	433	475	- 13	- 138
United Kingdom	146	126	174	172	- 28	- 46
Other countries	196	183	175	176	+ 21	+ 7
Total - All countries	762	646	782	823	- 20	- 177
By class of security:						
Bonds and debentures(1)	227	203	150	139	+ 77	+ 64
Common and preference stocks ...	535	443	632	684	- 97	- 241
Total - Canadian securities ..	762	646	782	823	- 20	- 177
Foreign Securities						
By country:						
United States	481	599	523	639	- 42	- 40
United Kingdom	12	16	20	17	- 8	- 1
Other countries	32	26	28	27	+ 4	- 1
Total - All countries	525	641	571	683	- 46	- 42
By class of security:						
Bonds and debentures(1)	47	78	55	60	- 8	+ 18
Common and preference stocks ...	478	563	516	623	- 38	- 60
Total - Foreign securities ...	525	641	571	683	- 46	- 42

(1) Includes minor amounts of "Other" securities.

Canada's transactions in portfolio securities with the United Kingdom produced a purchase balance of $56 million, to bring the total outflow for the past six years to $415 million. Sales of new Canadian issues provided an inflow of $15 million and retirements and net purchases of outstanding Canadian securities gave rise to an outflow of $70 million. Trading in outstanding foreign securities resulted in a reduced outflow of $1 million.

The direction of capital movements with other overseas countries was reversed again in 1965. An outflow of $9 million for 1965 compares with an inflow of $13 million in 1964, and an outflow of $21 million in 1963. A smaller inflow of $2 million compared with $15 million in 1964, resulted from transactions in Canadian securities, but the outflow from trading in foreign securities rose from $2 million in 1964 to $11 million in 1965.

Trade in Outstanding Issues in the Year and Month ended 31st December 1965

The capital outflow from Canada's international trade in outstanding portfolio securities reached a record high of $219 million in 1965. This was over 80 per cent higher than the previous record outflow of $120 million registered in 1962. It brings the aggregate net outflow from trade in outstanding securities for the four years 1962 to 1965 (each of which recorded purchase balances) to $496 million.

Geographically there were net outflows to the United States of $178 million and the United Kingdom of $47 million while other foreign countries provided a small net inflow of $6 million. The record purchase balance with the United States was nearly twice as large as the peak of $95 million attained in 1952, and, to some extent, probably reflected the influence of the United States program to improve its balance of payments position.

The net repatriation of Canadian equities, once again the main feature of trading, accounted for a sharply increased outflow of $241 million, the highest level yet recorded. This represents the fourth successive annual purchase balance since 1962 and brings the aggregate net outflow for the acquisition of foreign-domiciled Canadian equities for the years 1962 to 1965 to $624 million. In each of the ten years prior to 1962 Canada's transactions in outstanding Canadian equities resulted in sales balances, amounting in total to $977 million. The 1965 figure was made up of purchase balances of $167 million, $43 million, and $31 million with the United States, United Kingdom, and other foreign countries, respectively.

Net sales of outstanding Canadian bonds and debentures during 1965 were concentrated in the second and third quarters which accounted for $55 million of the total inflow of $64 million. Government of Canada direct and guaranteed issues attracted over four fifths of the total inflow with smaller net sales balances also being recorded for provincial and municipal issues. There was a net outflow of $9 million for the repurchase of outstanding corporation bonds.

Trade in outstanding foreign securities in 1965 resulted in an outflow of $42 million or approximately the same amount as in 1964. This was almost entirely attributable to dealings in United States securities, with increased net purchases of equities at $60 million being partially offset by net sales of $18 million of bonds. It brings the aggregate net outflow for Canadian purchases of outstanding foreign securities for the seven years 1959 to 1965 (1963 was the only year to record an inflow) to $172 million.

With the exception of August's small inflow of $6.4 million, trade in outstanding securities resulted in purchase balances in each month of 1965. The net capital outflows were particularly large during the first two quarters of the year ($91 million and $80 million), mainly as a result of exceptionally large outflows for the repatriation of Canadian equities ($83 million and $84 million).

In December, the net capital outflow from trade in outstanding securities, which reached $31.6 million in November, fell sharply to $1.5 million. This is chiefly explained by a change in the direction of trading in Canadian securities which recorded a sales balance of $4.7 million in December compared with a purchase balance of $18.4 million in the previous month. Net sales of Government of Canada bonds produced an inflow of $8.8 million in December following November's outflow of $3.7 million while net purchases of outstanding Canadian equities dropped to $5.2 million from $13.4 million in the previous month. There was a decline in the net outflow from trade in outstanding foreign securities to $6.2 million from November's $13.2 million.

New Issues and Retirements

Sales of Canadian new issues to non-residents during 1965, at $1,127 million were slightly higher than in 1964. (Details of the new issues classified quarterly by issuer, and annually by currency of payment and issuer appear in accompanying statements). Sales of new corporation bonds and debentures brought in record proceeds of $696 million, much of which was earmarked for further expansion of the pulp and paper, and petroleum and natural gas industries. Non-resident purchases of new issues of provincial and municipal governments, however, declined sharply to $298 million and $84 million respectively. It is interesting to note that for the first time in recent years there were some Canadian flotations abroad which invited tenders from underwriters for public issues rather than arranging private placements. Non-residents continued to buy large amounts of new issues of Canadian bonds and debentures with slightly increased sales of bonds denominated in foreign currencies being partially offset by decreased sales of Canadian dollar bonds. Non-residents purchased 4 per cent of gross new issues payable in Canadian dollars, about the same proportion as in 1964. Sales of new bond issues payable optionally or solely in foreign currencies constituted 80 per cent of all new issues sold to non-residents, or about 2 percentage points more than in 1964. In 1965 as in 1964 there were no Government of Canada new issues denominated in foreign currencies or placed on foreign capital markets.

The exceptionally high volume of offerings made to non-residents in 1965 reflected the continued buoyancy of the Canadian economy. The 1965 total offerings of $1,326 million to United States residents is the highest figure recorded for any year since statistics of offerings have been compiled, and easily exceeds the previous high of $983 million reached in 1964. It should be noted, however, that a proportion of the new Canadian issues placed with United States underwriters is frequently resold to residents of other foreign countries. In contrast to 1964 and 1963, offerings of new Canadian issues during 1965 were fairly evenly distributed between the four quarters. Substantial amounts of the offerings, especially in the third and fourth quarters, were for later delivery. The undelivered balance of sales at the end of 1965 was $302 million or nearly six times the year-end figure for 1964. This is in part a reflection of the joint request made in November by the Canadian and United States Governments to defer until January 1966 the delivery of new Canadian issues placed on the New York capital market.

Offerings and Deliveries of New Issues of Canadian Bonds and Debentures sold to Residents of the United States

Year and quarter	Offerings	Deliveries of prior offerings	Offerings for later delivery	Proceeds of new issues	Undelivered balance at end of period
	millions of dollars				
1962	957	29	309	677	333
1963	711	322	111	922	122
1964	983	122	51	1,054	51
1965	1,326	45	296	1,075	302
1963 - I	513	192	310	395	451
II	136	267	20	383	204
III	24	70	8	86	142
IV	38	23	3	58	122
1964 - I	91	62	28	125	88
II	238	88	32	294	32
III	309	13	219	103	238
IV	345	225	38	532	51
1965 - I	339	38	122	255	135
II	265	125	92	298	102
III	378	86	174	290	190
IV	344	122	234	232	302

Proceeds of New Issues of Canadian Securities Sold to Non-Residents

	1958	1959	1960	1961	1962	1963	1964	1965
	millions of dollars							
Bonds and debentures payable optionally or solely in foreign currencies:								
Government of Canada, direct	-	-	-	-	134	135	-	-
Government of Canada, guaranteed	-	-	-	-	-	-	-	-
Provincial government (incl. guaranteed)	162	321	93	32	112	328	411	270
Municipal government	143	148	118	29	59	42	152	68
Railways, not guaranteed by government	-	-	-	-	-	-	-	-
Other corporations	189	54	87	308	277	317	301	547
Totals	494	523	298	369	582	822	864	885
Bonds and debentures payable in Canadian dollars only:								
Government of Canada, direct	67	42	19	37	21	38	43	27
Government of Canada, guaranteed	9	14	11	-	-	-	-	-
Provincial government (incl. guaranteed)	6	13	10	34	36	15	28	28
Municipal government	5	10	15	18	15	20	32	16
Railways, not guaranteed by government	1	-	-	-	-	-	-	-
Other corporations	52	58	68	35	54	75	135	149
Totals	140	137	123	124	126	148	238	220
Bonds and debentures:								
Government of Canada, direct	67	42	19	37	155	173	43	27
Government of Canada, guaranteed	9	14	11	-	-	-	-	-
Provincial government (incl. guaranteed)	168	334	103	66	148	343	439	298
Municipal government	148	158	133	47	74	62	184	84
Railways, not guaranteed by government	1	-	-	-	-	-	-	-
Other corporations	241	112	155	343	331	392	436	696
Sub-total, bonds and debentures	634	660	421	493	708	970	1,102	1,105
Common and preference stocks	43	47	26	45	20	14	21	22
Totals	677	707	447	538	728	984	1,123	1,127

The high level of retirements of Canadian securities which has been a significant feature of security trading in recent years was maintained in 1965 when an outflow of $373 million was recorded. Retirements of corporation securities in 1965, represented 56 per cent of the total outflow for retirements. Retirements of corporation bonds and debentures showed a substantial increase to account for an aggregate outflow of $201 million. On the other hand, the outflow for the retirement of equities at $7 million represented an appreciable drop from the high levels of recent years which had reflected takeovers of private utility companies by provincial authorities. Retirements of government bond issues were somewhat down from 1964 levels.

Canadian residents purchased $54 million of new foreign securities in 1965, twice the 1964 amount. Purchases of new United States securities rose sharply to $26 million, while a new offering of a Canadian dollar issue by an international institution accounted for most of the unusually high outflow of $28 million recorded for other foreign countries. The retirement of a Canadian dollar issue of the same international institution also constituted a major part of the capital inflow of $22 million arising from total retirements of Canadian-held foreign securities in 1965.

International short-term money market transactions

Total transactions in short-term money market instruments (data on which are included only in the following three statements of this report) resulted in a net capital inflow of $47 million in 1965. Geographically a net outflow of $16 million to the United States contrasted with inflows o. $7 million and $56 million from the United Kingdom and other countries respectively.

Non-Resident Participation in Canadian Short-Term Money Markets (except Treasury Bills)

Year and quarter	All countries						United States					
	Sales to		Repurchases and maturities		Net sales +		Sales to		Repurchases and maturities		Net sales +	
	1964	1965	1964	1965	1964	1965	1964	1965	1964	1965	1964	1965
	millions of dollars											
Buy-back transactions based on Government of Canada securities having an original term over one year:												
First quarter	19	3	24	5	- 5	- 2	19	3	24	5	- 5	- 2
Second quarter	8	1	8	1	-	-	8	1	8	1	-	-
Third quarter	1	-	-	-	+ 1	-	1	-	-	-	+ 1	-
Fourth quarter	8	-	7	-	+ 1	-	8	-	7	-	+ 1	-
Year	36	4	39	6	- 3	- 2	36	4	39	6	- 3	- 2
Canadian commercial paper etc:												
First quarter	67	19	40	19	+ 27	-	65	18	38	19	+ 27	- 1
Second quarter	44	29	63	22	- 19	+ 7	39	19	59	18	- 20	+ 1
Third quarter	56	25	74	21	- 18	+ 4	55	19	73	12	- 18	+ 7
Fourth quarter	31	28	32	28	- 1	-	30	14	30	22	-	- 8
Year	198	101	209	90	- 11	+ 11	189	70	200	71	- 11	- 1
Canadian finance paper:												
First quarter	185	139	78	177	+ 107	- 38	184	135	77	175	+ 107	- 40
Second quarter	263	254	161	261	+ 102	- 7	262	229	159	256	+ 103	- 27
Third quarter	216	281	212	346	+ 4	- 65	214	247	211	331	+ 3	- 84
Fourth quarter	194	161	211	230	- 17	- 69	192	146	209	219	- 17	- 73
Year	858	835	662	1,014	+ 196	- 179	852	757	656	981	+ 175	- 224
Other finance company obligations(1):												
First quarter	11	32	13	7	- 2	+ 25	11	32	13	7	- 2	+ 25
Second quarter	9	183	8	84	+ 1	+ 99	9	182	8	84	+ 1	+ 98(2)
Third quarter	17	98	1	9	+ 16	+ 89	17	98	1	8	+ 16	+ 90
Fourth quarter	45	51	8	59	+ 37	- 8	45	50	8	59	+ 37	- 9
Year	82	364	30	159	+ 52	+ 205	82	362	30	158	+ 52	+ 204

(1) Bank loans and inter-company accounts.
(2) See text of June report.

The largest volume of transactions continued to be in Canadian finance paper. There was a sharp reversal of $375 million in the direction of net capital flows, however, from an inflow of $196 million in 1964 to an outflow of $179 million in 1965. Outflows to non-residents were evident throughout the year being especially heavy in the second half. The accompanying statement shows the pattern since December 1962 of short-term paper borrowing by Canadian finance companies both from residents of the United States and from all other countries. After reaching a peak in September 1964 United States holdings have declined steadily. In contrast in the last three quarters of 1965 other non-residents became significant holders of these instruments, accounting for one sixth of all non-resident holdings at the end of 1965. At December 1965 the $300 million of non-resident holdings accounted for just over one-third of the total short-term paper issued by Canadian finance companies. The $478 million held at December 1964 represented over two-fifths of the larger amount outstanding at that time.

Holdings by Non-Residents of Short-Term Canadian Finance Company Paper

	Residents of the United States	Residents of all other foreign countries	All non-residents
		millions of dollars	
December 31, 1962	188	1	189
March 31, 1963	209	-	209
June 30, 1963	211	-	211
September 30, 1963	233	-	233
December 31, 1963	281	1	282
March 31, 1964	387	1	388
June 30, 1964	490	1	491
September 30, 1964	493	2	495
December 31, 1964	476	2	478
March 31, 1965	436	4	440
June 30, 1965	409	24	433
September 30, 1965	325	43	368
December 31, 1965	252	48	300

Transactions in Government of Canada Treasury Bills Between Canada and Other Countries

Month	Sales		Repurchases and maturities		Net change in holdings		Holdings 1965			
	1964	1965	1964	1965	1964	1965	Total	United States	United Kingdom	Other
					millions of dollars					
January	19	10	15	6	+ 4	+ 4	27	7	2	18
February	18	9	17	13	+ 1	- 4	23	4	2	17
March	15	36	16	9	- 1	+ 27	50	8	3	39
April	21	11	17	21	+ 4	- 10	40	11	1	28
May	17	15	14	15	+ 3	-	40	5	9	26
June	25	7	18	7	+ 7	-	40	6	9	25
July	27	25	30	18	- 3	+ 7	47	5	17	25
August	20	8	26	19	- 6	- 11	36	4	7	25
September	11	14	18	12	- 7	+ 2	38	6	7	25
October	9	3	16	10	- 7	- 7	31	5	1	25
November	8	7	11	3	- 3	+ 4	35	7	3	25
December	19	8	27	8	- 8	-	35	10	1	24
Year	209	153	225	141	- 16	+ 12	35	10	1	24

Transactions in other finance company obligations of a short-term nature (which include borrowings from foreign banks and advances from parent companies) led on balance to an inflow from non-residents of $205 million, almost four times the 1964 inflow. An important factor in this increase was the reorganization of the financial structure of a finance company following its acquisition in 1965 by new interests in the United States. In addition there are, of course, other finance company transactions not identified separately which are included with capital movements in long-term forms, notably in new issues and retirements of Canadian securities. All in all, the international borrowing of these companies led to net inflows of about $20 million, $40 million and $35 million successively in the first three quarters and to an outflow of approximately $10 million in the last quarter of 1965.

Holdings by non-residents of Canadian treasury bills increased by $12 million during 1965. The volume of transactions was, however, about one-third lower than in 1964 and less than half the 1963 total. International investment agencies continued to be the main non-resident investors in these instruments while other holders appear to be small and scattered.

International transactions in Canadian commercial paper (including provincial guaranteed paper and bankers' acceptances) led to a net capital inflow of $11 million in 1965 following an outflow of a like amount in the previous year. The gross volume of international transactions for these instruments was more than halved from the 1964 total, with the decline being concentrated in the paper of manufacturing and commercial enterprises as the volume of transactions in both provincial guaranteed paper and bankers' acceptances developed and expanded rapidly in the latter part of the year.

Buy-back transactions based on Government of Canada securities having an original term of over one year declined in importance in 1965 with no transactions with non-residents being reported in the second half of the year. Over the year as a whole there was a net outflow to non-residents of $2 million and at the end of the year non-resident holdings were negligible.

Interest rates, stock prices and foreign exchange markets

The existence of short-term interest rate differentials between the major financial centres of the world is, of course, a primary factor influencing international flows of short-term capital. Instruments negotiated in this money market vary as to term, currency, credit risk, etc.; so do the character, requirements and relationships of lenders and borrowers. When considering these capital flows a wide variety of interest differentials could be appropriate; treasury bill yields are one such gauge for which published data are readily available. However, as previously noted the volume of international transactions in treasury bills especially between Canada and the United States has declined in importance in recent years so that while the trends shown in treasury bill yields probably apply generally to other interest rates these rates are not necessarily those at which the bulk short-term funds move.

Yields on 3 month Canadian treasury bills rose substantially in 1965 closing at the year end 74 basis points higher than the year's opening tender rate of 3.80 per cent on January 7. This compares with a rise of only 8 basis points in 1964. The yield range on tenders of 95 basis points was also significantly wider than the range of 37 basis points recorded in the previous year. Yields fell to a low of 3.61 per cent in April and then climbed more or less steadily to the beginning of December when they jumped significantly in sympathy with the bank rate increase to reach a high of 4.56 per cent towards the end of December.

United States treasury bill yields also recorded a substantial increase in 1965 and finished the year 68 basis points higher than the opening rate of 3.77 per cent. The increase, however, was almost entirely concentrated in the fourth quarter. Yields moved somewhat erratically until the third week of September when they were 9 basis points higher than the rate at the beginning of the year. Then, however, they moved steadily upwards spurting at the beginning of December in concert with the increase in the Federal Reserve Bank discount rate to reach a high at the end of the year of 4.45 per cent.

Yields on Canadian and United States treasury bills as quoted in their respective countries are not strictly comparable mainly because Canadian bills are quoted on a true yield basis while United States bills are quoted as a yield on the par value.(1) In the accompanying statement Canadian yields have been adjusted to the United States quotation basis so that a better comparison can be made of the yields on the two instruments. The differential, before provision of forward exchange cover, was not too significant throughout the year varying from a 32 basis points spread in favour of United States bills at the end of February to an 18 basis points advantage for Canadian bills in July.

(1) For an explanation of the difference see the Technical Note pp. 1253-4 of the United States Federal Reserve Bulletin of October 1964.

Arbitrage on Treasury Bills between Canada and the United States, 1965(1)

Last Friday of month	Treasury bill rates(2)				Premium (+) or discount (-) on forward Canadian dollar(3)	Net incentive (favour of Canada)
	Canada					
	As quoted in Canada	Adjusted to U.S. quotation basis	United States	Spread (favour of Canada)		
	per cent per annum					
January	3.70	3.62	3.83	- .21	- .27	- .48
February	3.76	3.67	3.97	- .30	+ .00	- .30
March	3.62	3.54	3.86	- .32	+ .61	+ .29
April	3.80	3.71	3.90	- .19	+ .34	+ .15
May	3.93	3.84	3.85	- .01	+ .27	+ .26
June	3.94	3.85	3.74	+ .11	+ .41	+ .52
July	4.06	3.96	3.78	+ .18	- .20	+ .02
August	4.09	3.99	3.83	+ .16	- .14	+ .02
September	4.08	3.98	3.94	+ .04	- .61	- .57
October	4.17	4.07	4.03	+ .04	- .67	- .63
November	4.16	4.06	4.09	- .03	- .67	- .70
December	4.52	4.41	4.45	- .04	- .67	- .71

(1) As published in the United States Federal Reserve Bulletin.
(2) Market offer rates at 11 a.m. on the latest issue of three month bills.
(3) Rates per annum computed on basis of midpoint quotation (between bid and offer) at 11 a.m. in New York for both spot and forward Canadian dollars. When purchasing Canadian funds with United States dollars and simultaneously reselling them for United States dollars for delivery in 90 days, a positive figure represents a nominal return, at annual rates, to a United States resident, while a negative figure represents a nominal cost. The cases are reversed for a Canadian holder of Canadian funds doing a swap transaction in United States dollars.

Yield differentials with forward exchange cover during 1965 were however far more substantial ranging for the dates shown in the statement from a 52 basis points advantage for Canadian bills in June to a 71 basis points spread in favour of its United States counterpart by the end of the year. Protected interest rate differentials are theoretically the stimulus to movements of arbitrage capital which continues flowing until rising costs of exchange protection in the forward market and falling yields eliminate any further inducement. In practice, however, when account is taken of the costs attendant on transactions and other factors such differentials are often too narrow to motivate movements of arbitrage capital. At times investors choose to accept the risk of exchange rate fluctuation or may have requirements which do not involve repatriation of matured bills into domestic currency.

While yields on treasury bills provide some indication of what has been happening to short-term interest rates, the bulk of non-resident short-term funds are invested in other money market instruments, particularly Canadian finance company paper. Yields on these instruments are, of course, normally above treasury bill yields. In 1965 events which had a particularly important effect on the availability and price of short-term funds moving into treasury bills, commercial and finance company paper were certain of the measures taken by the United States in February to improve its balance of payments position, the default of a finance company in June and the December rise in the bank rate. As a result, interest rates paid by the large finance companies which started the year at perhaps 4-1/4 per cent for 3 to 6 month paper increased steadily throughout the year to about 6 per cent at the end of December.

There was also a substantial rise in long-term interest rates during 1965 in both Canada and the United States. Through the year yields on the representative long-term government bonds shown in Table 7 rose by 47 and 33 basis points in Canada and the United States, respectively. The range of fluctuation for the dates shown also widened during 1965 to 53 basis points for the Canadian and 37 basis points for the United States bond. Differentials varied from a minimum of 0.88 per cent in January to a maximum of 1.20 per cent in July. (The yield of a comparable bond in the United Kingdom

increased by 20 basis points during the year and its range of fluctuation narrowed to 45 basis points. Throughout 1965, there was a differential over the Canadian bond which reached a maximum of 1.71 per cent in May, and a minimum of 1.06 per cent in October). As in the case of treasury bills, yield differentials between the long-term issues of central governments may not be the most appropriate comparison for the analysis of international security transactions. Markets for these obligations at times reflect special domestic monetary and fiscal situations. It would be reasonable to assume that investors place the securities of their own central government in a specially preferred position and equate the securities of a foreign central government with those of a high grade junior government or corporation in their own country. Special tax considerations applying to the issues of some debtors in the United States add to the difficulty of comparisons.

United States Dollar in Canada

Period		High	Low	Close	Noon average
		Canadian cents			
1964	IVQ	107.63	107.25	107.38	107.46
1965	IQ	108.44	107.31	107.97	107.71
	IIQ	108.38	107.72	108.34	108.04
	IIIQ	108.50	107.53	107.59	107.94
	IVQ	107.78	107.38	107.50	107.53

Year-to-year Changes in Common Stock Price Indexes

	Canada(1)	United States(2)
1965	+ 3%	+ 9%
1964	+ 22%	+ 13%
1963	+ 10%	+ 19%

(1) D.B.S. Investors Index.
(2) Standard and Poor's "500" Index.

Spot rates in 1965 for the United States dollar expressed in terms of the Canadian dollar are given in the accompanying summary. The variation in the rates was well within the normal margin of one per cent on either side of the par value for the Canadian dollar of 92 1/2 cents in terms of United States currency established in May 1962.

The average of common stock prices in Canada (as measured by the Dominion Bureau of Statistics Investors Index in "Prices & Price Indexes", Catalogue No. 62-002) rose 3 per cent during 1965, about one seventh of the rate of increase recorded in 1964 and one third of that in 1963. In contrast to the previous year Canadian prices were less strong than those in the United States. The monthly averages shown in Table 7 indicate a close similarity in the magnitude and direction of movement in the two indexes during the first six months of the year, with each rising steadily up to May and falling in June. Monthly movements were again broadly similar in direction in the latter half of the year, however, on the whole increases were larger and decreases were smaller in the United States so that the index in that country reached a new monthly peak in November of 1965 and closed the year at its second highest monthly average level ever. In contrast Canadian stock prices in December were still 5 per cent below the May monthly peak. The composite index includes many sub-indexes which evinced widely divergent movements in 1965. Sub-indexes which advanced by over 10 per cent in the year were printing and publishing, electric power, gas distribution, industrial mines and construction. The largest declines were recorded for the pulp and paper, chemicals and non-metallic minerals groups.

Gross sales to non-residents of outstanding Canadian stocks of $443 million were $92 million lower than in 1964 and amounted to about one eleventh of the value of securities traded on the principal exchanges in Canada - about three quarters of the 1964 proportion. Gross purchases from non-residents of $684 million represented about one seventh of trading on Canadian exchanges - roughly the same proportion as in the previous year. Included in the above comparisons is trading on the so-called "Z" markets. There are special trading facilities set up by the principal stock exchanges in Canada, shortly after the July, 1963 proposal in the United States for the Interest Equalization Tax. On these markets United States residents may buy Canadian securities from their fellow countrymen without incurring a tax penalty. Transactions on these special markets were somewhat in excess of $20 million in 1965, down significantly from the 1964 total of about $30 million. The largest of these "Z" markets is operated by the Toronto Stock Exchange and it is interesting to note that the main decrease in the value of their trading occurred on the industrials section while there was only a small decline in the value of shares traded on the mines and oils section. As a result of these changes the value of shares traded on the industrials section of the Toronto "Z" market which had been only slightly less than on the mines and oils section in 1964 declined to about one half in 1965. It should be noted that all purchases by United States investors of the stock of certain Canadian corporations, including some of the largest, whether from United States citizens or not, have been exempted from the incidence of this

tax. Exclusion is based mainly on the degree of United States ownership and the volume of trading of the shares on stock exchanges in the United States. Trading of the shares in these companies on exchanges in Canada between United States residents would not be reflected in the "Z" market figures but would form a part of the grand total of all shares traded on stock exchanges in Canada. Canadian trading in United States stocks was also made easier in 1965 by certain arrangements negotiated by a Canadian stock exchange with a United States counterpart. Trading under these arrangements in the last four months of 1965 approached $20 million.

Ownership of Net Canadian Long-Term Funded Debt

An accompanying statement provides a detailed classification of the estimated distribution of the ownership of Canadian long-term funded debt by currency of payment at the end of 1954 and 1963 (net of sinking funds). Over this period of nine years, outstanding funded debt is estimated to have risen by 74 per cent to $41.5 billion of which about 13 per cent provided for payment solely or optionally in foreign currency. At the end of 1963 such issues accounted for 2 per cent of Government of Canada debt (excluding railway debt), 21 per cent of provincial and municipal debt, 19 per cent of railway debt, and 21 per cent of other corporate funded debt. They represented 21 per cent of all funded debt other than Government of Canada direct issues. Total non-resident ownership rose in the nine year period by 98 per cent to over $7.5 billion. More than one-third of this total represented investment from the United States by insurance companies; some of these companies also have large investments in Canadian securities arising from their Canadian business. At the end of 1963 securities owned by non-residents accounted for 5 per cent of the Government of Canada debt, 24 per cent of provincial debt, 25 per cent of municipal debt, 24 per cent of railway debt and 30 per cent of other corporate funded debt. This was 18 per cent of all funded debt or 27 per cent of all funded debt except Government of Canada direct issues.

There has been a further substantial increase in holdings of Canadian funded debt by non-residents since the end of 1963. Preliminary data indicate that by the end of 1964 holdings by residents of the United States had risen to about $7,400 million and as this publications shows there were further large sales in 1965.

United States "Income Accumulating Funds"

The organization in 1954 and the years following of a group of rather special Canadian diversified management investment companies introduced a new and important factor into trade in outstanding securities between Canada and the United States. The special character of these international investment media was substantially eliminated by the end of 1964. Data covering 1954 to 1965 which follow bring together some of their more pertinent and interesting operations during this period.

These new open-end funds made their first appearance in mid 1954 and by the end of that year seven were in existence. They were incorporated in Canada and through rulings obtained under United States legislation were able to offer important tax advantages to United States investors. Although the arrangements were technical and complex, in broad outline the companies were liable to relatively low tax rates in Canada either as non-resident owned investment corporations or as other corporations whose income was largely exempt from Canadian corporation tax. They complied with certain organizational requirements established under new administrative arrangements by the United States authorities, and were authorized to offer their shares in the United States market. The funds paid no dividends and under United States tax legislation increases in the value on redemption of shares held by United States residents attracted tax rates applicable to capital gains rather than the higher rates generally applicable to income. The funds thus provided particular attraction for United States investors subject to relatively high rates of personal taxation who sought a medium for long-term capital appreciation and wished to participate under professional management in the then booming Canadian market in equities.

The essential purpose of the funds was to provide an attractive medium for United States portfolio investment in Canada, and although technically they were Canadian corporations controlled by residents of the United States, throughout the period they have been treated in Canadian balance of payments statistics as representing United States portfolio investors. Their transactions in Canada are therefore embraced within statistics of international trading of Canadian securities. From the beginning the funds were also significant investors in equities in countries other than the United States and Canada. These transactions occurred for the most part outside Canada and are consequently not reflected in the Canadian statistics.

Estimated Distribution of Ownership of Net Canadian Long-Term Funded Debt
Classification by Currency of Payment, End of 1954 and 1963

Debtor and currency	Amounts outstanding		Distribution of ownership							
			Canada		United States		United Kingdom		Other countries	
	1954	1963	1954	1963	1954	1963	1954	1963	1954	1963
	millions of dollars									
Government of Canada, direct and guaranteed excluding railways:										
Payable in Canadian dollars only(1) ...	12,640	16,280	12,284	15,723	265	353	22	34	69	170
Payable in foreign currencies only	392	348	97	6	242	342	49	-	4	-
Payable optionally in Canadian or foreign currencies	9	-	1	-	8	-	-	-	-	-
Sub-totals	13,041	16,628	12,382	15,729	515	695	71	34	73	170
Provincial, direct and guaranteed excluding railways:										
Payable in Canadian dollars only	2,543	7,149	2,456	6,856	45	213	30	57	12	23
Payable in foreign currencies only	512	1,836	1	9	510	1,818	1	-	-	9
Payable optionally in Canadian or foreign currencies	388	118	22	21	359	96	7	1	-	-
Sub-totals	3,443	9,103	2,479	6,886	914	2,127	38	58	12	32
Municipal:										
Payable in Canadian dollars only	1,491	3,485	1,389	3,272	72	178	26	25	4	10
Payable in foreign currencies only	285	859	14	9	267	842	3	3	1	5
Payable optionally in Canadian or foreign currencies	87	44	27	16	54	27	6	1	-	-
Sub-totals	1,863	4,388	1,430	3,297	393	1,047	35	29	5	15
Railways:										
Payable in Canadian dollars only	895	1,611	850	1,493	30	53	7	12	8	53
Payable in foreign currencies only	422	388	-	24	133	97	287	247	2	20
Payable optionally in Canadian or foreign currencies	253	2	116	1	111	1	4	-	22	-
Sub-totals	1,570	2,001	966	1,518	274	151	298	259	32	73
Other corporations:										
Payable in Canadian dollars only	3,193	7,409	2,779	6,459	249	708	142	170	23	72
Payable in foreign currencies only	689	1,910	9	74	664	1,803	11	8	5	25
Payable optionally in Canadian or foreign currencies	86	84	18	10	68	74	-	-	-	-
Sub-totals	3,968	9,403	2,806	6,543	981(2)	2,585(2)	153	178	28	97
Total bonds and debentures:										
Payable in Canadian dollars only	20,762	35,934	19,758	33,803	661	1,505	227	298	116	328
Payable in foreign currencies only	2,300	5,341	121	122	1,816	4,902	351	258	12	59
Payable optionally in Canadian or foreign currencies	823	248	184	48	600	198	17	2	22	-
Totals	23,885	41,523	20,063	33,973	3,077	6,605	595	558	150	387

	1954	1963
(1) Excludes treasury bills and notes	1,530	2,240
(2) Includes corporate bonds held by United States parent companies and affiliates:		
Payable in Canadian dollars only	7	5
Payable in foreign currencies only	142	99
Payable optionally in Canadian or foreign currencies	39	13
Totals	188	117

By 1959 there were ten funds of this character in existence and it is understood that they had some 130,000 shareholders in the United States, in many ways a surprisingly large number in view of their rather special objectives and features. Mid 1959 marked the peak of these institutions. It is estimated that by that time their net assets reached $404 million, comprising $353 million of Canadian equities, $6 million of Canadian long-term bonds, $35 million of non-Canadian securities and $10 million of other net assets. These holdings originated from shareholders' subscriptions aggregating $311 million together with about $35 million of net income which had been retained and about $58 million of capital appreciation, realized and unrealized. A large part of the capital was subscribed during 1954 when the institutions first came on the scene. In each of the years from 1955 to 1957 further net sales by the funds of their own shares raised sums ranging between $60 and $68 million. Following sharp market declines in the latter part of 1957 sales of new shares barely kept pace with redemptions and by the first half of 1959 there were net withdrawals of capital from the companies.

During their first five years of life the funds are estimated to have purchased $268 million of Canadian equities, their net acquisition having reached a peak of $78 million in 1956. Market observers attributed considerable importance to these operations in their explanations of the sharp rises in Canadian equities which occurred from time to time during the period, and substantial purchases which occurred in the latter part of 1957 when Canadian prices were falling, must have played a moderating role. It is of some interest to note that on the basis of the overall movement of Canadian equities between Canada and the United States it would appear that in 1954 and 1955 the funds as a group were somewhat more important than all other United States investors. In 1956 virtually all of the net movement can be attributed to the funds and in 1957 there was a substantial offsetting movement when the funds purchased on balance $78 million of Canadian equities and other United States investors appeared to have disposed of $68 million. As the growth of the funds tended to moderate in 1958, other United States investors became on balance the more important source of this type of capital inflow, with the funds accounting for about $13 million of the net purchases of $70 million by all United States investors in that year. By early 1959 the funds had become net sellers of Canadian equities although other United States investors continued to be very large buyers.

Net Purchases of Canadian Stocks by United States "Income Accumulating Funds" and All Other United States Residents, 1954 to 1965

	United States "Income Accumulating Funds"	Other United States residents	Total, United States residents
	millions of Canadian dollars		
1954 January - December	44	43	87
1955 January - December	57	34	91
1956 January - June	41	7	48
July - December	28	- 8	20
1957 January - June	46	- 47	- 1
July - December	32	- 21	11
1958 January - June	10	9	19
July - December	3	48	51
1959 January - June	- 5	60	55
July - December	- 12	32	20
1960 January - June	- 20	49	29
July - December	1	26	27
1961 January - June	- 53	120	67
July - December	- 18	73	55
1962 January - June	- 27	39	12
July - December	- 32	9	- 23
1963 January - June	- 28	- 32	- 60
July - December	- 23	- 16	- 39
1964 January - June	3	- 33	- 30
July - December	1	- 22	- 21
1965 January - June	- 3	- 112	- 115
July - December	- 2	- 50	- 52

Selected Data Relating to Canadian based United States "Income Accumulating Funds", 1954 to 1965

Item	1954	1955	1956	1957	1958	1959
	millions of Canadian dollars					
Year-end market value of net assets						
Canadian bonds and debentures	14	4	10	6	7	12
Canadian stocks	90	167	245	255	346	319
Sub-total - Long-term Canadian securities	104	171	255	261	353	331
Foreign securities	11	20	26	26	32	43
Other assets, net	15	31	17	14	10	10
Totals	130	222	298	301	395	384
Change	130	92	76	3	94	- 11
Source of change						
Capital paid in - Cash, net	101	68	60	62	7	- 10
Canadian securities	21	-	-	-	-	-
Transfers of domicile - Canadian securities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Net income retained	1	4	7	9	9	9
Sub-total	123	72	67	71	16	- 1
Capital appreciation, net(1)	7	20	9	- 68	78	- 10
Totals	130	92	76	3	94	- 11
Estimated net purchases of Canadian stocks	44	57	69	78	13	- 17
	1960	1961	1962	1963	1964	1965P
Year-end market value of net assets						
Canadian bonds and debentures	8	6	3	1	-	-
Canadian stocks	267	269	172	123	44	36
Sub-total - Long-term Canadian securities	275	275	175	124	44	36
Foreign securities	48	50	52	84	33	30
Other assets, net	6	14	29	13	5	4
Totals	329	339	256	221	82	70
Change	- 55	10	- 83	- 35	- 139	- 12
Source of change						
Capital paid in - Cash, net	- 31	- 71	- 56	- 35	- 2	- 8
Canadian securities	-	-	-	-	-	-
Transfers of domicile - Canadian securities	-	-	-	- 4	- 88	-
Other assets	-	-	-	- 6	- 57	-
Net income retained	9	8	7	2	-	-
Sub-total	- 22	- 63	- 49	- 43	- 147	- 8
Capital appreciation, net(1)	- 33	73	- 34	8	8	- 4
Totals	- 55	10	- 83	- 35	- 139	- 12
Estimated net purchases of Canadian stocks	- 19	- 71	- 59	- 51	4	- 5

(1) Realized and unrealized appreciation less distribution.
P Preliminary.

Note: These estimates are based in part on balance sheet data which do not correspond precisely with calendar periods.

After mid 1959 the funds tended to contract. Investors disposed of shares in the funds throughout the period during which they continued to provide a special tax advantage. By the end of 1962 the net capital subscribed had been reduced to $151 million and the market value of the net assets of the funds had fallen to $256 million. The impact on the Canadian balance of payments was somewhat larger than these figures might imply because the funds increased their holdings of equities outside the United States and Canada while at the same time they reduced sharply their holdings of Canadian equities. The market value of their holdings of non-Canadian securities rose from $35 million in mid 1959 to $52 million at the end of 1962. In the same period the market value of Canadian securities held by the funds fell from $359 million to $175 million. This decline reflected the net sale by the funds of some $164 million of Canadian securities.

Amendments during 1962 to the United States tax legislation had the effect of substantially eliminating the special tax position enjoyed by United States shareholders of the funds. The interest equalization tax proposed in mid 1963 introduced a further factor inhibiting their operations. In the succeeding months five of the funds chose to shift their domicile to the United States. This was accomplished by exchanges of shares and the subsequent liquidation of the original Canadian corporations. Two of the funds merged, and by the end of 1964 only four of the ten remained. Responding to the United States tax changes these funds soon commenced the payment of dividends to their shareholders and it could be said that at this stage the funds had in effect lost all of the special features which originally characterized them.

During the transition period 1963 and 1964 there continued to be on balance capital withdrawals from the funds amounting to $37 million overall, although this development was arrested in mid 1964 and in the latter part of that year there was some growth in the net capital subscribed. Changes of domicile involved the transfer of $155 million of assets including $92 million of Canadian securities. These factors were principally responsible for the decline of $174 million in the overall net assets of the funds to $82 million. During 1963, the funds continued to be large sellers of Canadian stocks accounting for more than half of the net sales by all United States residents. In 1964 they were small net purchasers although other residents of the United States continued to be substantial sellers. The overall net assets of the funds continued to decline during 1965 although at a considerably reduced rate. By the year's end, it is estimated that they had fallen to $70 million. There were further net capital withdrawals during 1965, but the amounts involved (an estimated $8 million) were only small.

The Canadian Balance of International Payments and International Investment Position

A description of the statistical sources and methods used in the production of this report, together with a copy of the basic reporting schedule (which was changed in August, 1965, in format but not in content), is to be found on pages 52 to 55 of the annual DBS report under the above title, for 1961 and 1962 (Catalogue No. 67-201). It also covers Canada's international transactions in 1962, including movements of direct investment and other capital not reviewed in this report.

For more recent statistics on the subject readers are referred to "Quarterly Estimates of the Canadian Balance of International Payments", fourth quarter of 1965, (Catalogue No. 67-001) containing preliminary balance of payments estimates for 1965 and statistics of Canada's international investment position at the end of 1963.

TABLE 1. Portfolio Security Transactions between Canada and Other Countries, by Quarters 1963-65
Trading, New Issues, and Retirements

	Net sales (+) or purchases (-) by Canadians														
	1963					1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year
	millions of dollars														
All countries															
Canadian securities:															
Outstanding issues:															
Bonds, etc.	+ 23	+ 27	- 7	- 4	+ 39	+ 4	+ 14	+ 37	+ 22	+ 77	+ 3	+ 17	+ 38	+ 6	+ 64
Stocks	- 57	- 44	- 27	- 42	- 170	- 44	- 8	- 5	- 40	- 97	- 83	- 84	- 28	- 46	- 241
New issues	+ 410	+ 405	+ 94	+ 75	+ 984	+ 138	+ 318	+ 117	+ 550	+ 1,123	+ 273	+ 306	+ 298	+ 250	+ 1,127
Retirements	- 64	- 198	- 55	- 87	- 404	- 109	- 100	- 57	- 92	- 358	- 66	- 176	- 57	- 74	- 373
Foreign securities:															
Outstanding issues	+ 5	+ 21	- 4	+ 18	+ 40	- 5	- 31	- 4	- 6	- 46	- 11	- 13	- 16	- 2	- 42
New issues	- 7	- 3	- 5	- 24	- 39	- 4	- 10	- 5	- 8	- 27	- 27	- 6	- 8	- 13	- 54
Retirements	+ 5	+ 5	+ 5	+ 6	+ 21	+ 2	+ 3	+ 2	+ 3	+ 10	+ 3	+ 14	+ 2	+ 3	+ 22
Total - All securities	+ 315	+ 213	+ 1	- 58	+ 471	- 18	+ 186	+ 85	+ 429	+ 682	+ 92	+ 58	+ 229	+ 124	+ 503
United States															
Canadian securities:															
Outstanding issues:															
Bonds, etc.	+ 19	+ 22	- 6	-	+ 35	+ 1	+ 8	+ 23	+ 6	+ 38	+ 6	+ 8	+ 16	- 1	+ 29
Stocks	- 31	- 29	- 14	- 25	- 99	- 30	-	+ 3	- 24	- 51	- 59	- 56	- 20	- 32	- 167
New issues	+ 397	+ 384	+ 89	+ 60	+ 930	+ 129	+ 297	+ 104	+ 537	+ 1,067	+ 261	+ 300	+ 290	+ 233	+ 1,084
Retirements	- 50	- 149	- 39	- 77	- 315	- 88	- 71	- 51	- 68	- 278	- 55	- 158	- 42	- 61	- 316
Foreign securities:															
Outstanding issues	+ 4	+ 20	- 2	+ 20	+ 42	- 8	- 30	- 3	- 1	- 42	- 14	- 12	- 14	-	- 40
New issues	- 6	- 2	- 4	- 22	- 34	- 3	- 4	- 4	- 5	- 16	- 8	- 5	- 8	- 5	- 26
Retirements	+ 5	+ 4	+ 4	+ 4	+ 17	+ 1	+ 2	+ 1	+ 1	+ 5	+ 1	+ 1	+ 1	+ 1	+ 4
Total - All securities	+ 338	+ 250	+ 28	- 40	+ 576	+ 2	+ 202	+ 73	+ 446	+ 723	+ 132	+ 78	+ 223	+ 135	+ 568

TABLE 1. Portfolio Security Transactions between Canada and Other Countries, by Quarters 1963-65
Trading, New Issues, and Retirements - Concluded

	Net sales (+) or purchases (-) by Canadians														
	1963					1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year
	millions of dollars														
United Kingdom															
Canadian securities:															
Outstanding issues:															
Bonds, etc.	-	- 1	-	- 4	- 5	+ 2	- 6	+ 1	+ 2	- 1	- 6	+ 2	+ 5	- 3	- 2
Stocks	- 18	- 15	- 11	- 11	- 55	- 11	- 5	- 3	- 8	- 27	- 15	- 16	- 6	- 7	- 44
New issues	+ 7	+ 3	+ 1	+ 7	+ 18	+ 3	+ 7	+ 5	+ 4	+ 19	+ 5	+ 1	+ 2	+ 7	+ 15
Retirements	- 7	- 19	- 12	- 2	- 40	- 14	- 6	- 2	- 15	- 37	- 6	- 5	- 7	- 6	- 24
Foreign securities:															
Outstanding issues	+ 2	+ 1	- 3	- 2	- 2	- 3	- 2	+ 1	- 4	- 8	+ 1	- 1	-	- 1	- 1
New issues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - All securities	- 16	- 31	- 25	- 12	- 84	- 23	- 12	+ 2	- 21	- 54	- 21	- 19	- 6	- 10	- 56
Other foreign countries															
Canadian securities:															
Outstanding issues:															
Bonds, etc.	+ 4	+ 6	- 1	-	+ 9	+ 1	+ 12	+ 13	+ 14	+ 40	+ 3	+ 7	+ 17	+ 10	+ 37
Stocks	- 8	-	- 2	- 6	- 16	- 3	- 3	- 5	- 8	- 19	- 9	- 12	- 2	- 7	- 30
New issues	+ 6	+ 18	+ 4	+ 8	+ 36	+ 6	+ 14	+ 8	+ 9	+ 37	+ 7	+ 5	+ 6	+ 10	+ 28
Retirements	- 7	- 30	- 4	- 8	- 49	- 7	- 23	- 4	- 9	- 43	- 5	- 13	- 8	- 7	- 33
Foreign securities:															
Outstanding issues	- 1	-	+ 1	-	-	+ 6	+ 1	- 2	- 1	+ 4	+ 2	-	- 2	- 1	- 1
New issues	- 1	- 1	- 1	- 2	- 5	- 1	- 6	- 1	- 3	- 11	- 19	- 1	-	- 8	- 28
Retirements	-	+ 1	+ 1	+ 2	+ 4	+ 1	+ 1	+ 1	+ 2	+ 5	+ 2	+ 13	+ 1	+ 2	+ 18
Total - All securities	- 7	- 6	- 2	- 6	- 21	+ 3	- 4	+ 10	+ 4	+ 13	- 19	- 1	+ 12	- 1	- 9

Note: This table excludes capital inflows for direct investment in Canadian enterprises by foreign owners or controlling interests, and security transactions of a short-term character analogous to changes in bank balances. Data for 1965 are preliminary and data for 1964 are subject to revision.

TABLE 2. Trade in Outstanding Canadian Securities Between Canada and Other Countries

(Millions of dollars)

Year and Month	Total Transactions			United States			United Kingdom			Other Foreign Countries		
	Sales to	Purchases from	Net sales + Purch.-	Sales to	Purchases from	Net Sales + Purch.-	Sales to	Purchases from	Net Sales + Purch.-	Sales to	Purchases from	Net Sales + Purch.-
1963 – Year	654.5	785.9r	-131.3 r	358.7	422.6 r	- 63.9 r	145.5	205.4r	- 59.9 r	150.3	157.9	- 7.5
1964 – Year	762.2	782.3	- 20.1	420.0	433.0	- 13.0	146.4	174.6	- 28.2	195.8	174.6	+ 21.2
1965 – Year	645.8	823.0	-177.2	336.7	474.7	-138.0	126.4	172.2	- 45.8	182.7	176.2	+ 6.6
1964 – January	52.3	80.7	- 28.4	24.5	43.3	- 18.7	13.0	20.8	- 7.8	14.8	16.6	- 1.8
February	42.3	54.1	- 11.8	20.7	31.4	- 10.7	7.9	10.6	- 2.8	13.7	12.1	+ 1.7
March	47.4	50.5	- 3.0	28.4	28.5	- 0.1	7.7	9.3	- 1.6	11.3	12.7	- 1.4
April	71.5	86.3	- 14.8	36.5	49.7	- 13.2	14.1	19.2	- 5.1	20.9	17.4	+ 3.5
May	81.3	61.0	+ 20.3	51.7	34.7	+ 17.0	12.4	12.5	- 0.1	17.2	13.7	+ 3.4
June	73.8	73.0	+ 0.7	41.3	36.2	+ 5.0	15.2	21.3	- 6.2	17.3	15.5	+ 1.9
July	80.4	61.6	+ 18.8	48.9	28.8	+ 20.0	16.1	17.7	- 1.6	15.4	15.2	+ 0.3
August	46.5	45.9	+ 0.5	23.5	28.6	- 5.1	8.7	7.8	+ 0.9	14.3	9.6	+ 4.7
September	67.9	55.5	+ 12.4	42.4	31.7	+ 10.7	9.3	10.7	- 1.4	16.2	13.1	+ 3.1
October	66.3	62.6	+ 3.7	40.5	37.0	+ 3.5	9.3	10.6	- 1.3	16.5	15.1	+ 1.4
November	72.0	76.0	- 4.0	35.5	40.6	- 5.0	16.5	17.8	- 1.3	19.9	17.6	+ 2.3
December	57.2	75.0	- 17.8	26.1	42.5	- 16.4	13.0	16.4	- 3.4	18.1	16.1	+ 2.0
Month not identified	3.4	-	+ 3.4	-	-	-	3.4	-	+ 3.4	-	-	-
1965 – January	56.6	97.8	- 41.3	30.7	58.7	- 28.0	9.4	17.3	- 7.9	16.5	21.8	- 5.3
February	57.0	79.0	- 21.9	25.7	36.8	- 11.1	13.5	23.2	- 9.7	17.9	19.0	- 1.1
March	65.7	82.7	- 17.0	28.4	41.9	- 13.5	16.1	19.9	- 3.8	21.1	20.9	+ 0.3
April	50.3	75.4	- 25.1	26.7	40.5	- 13.8	8.9	18.6	- 9.7	14.7	16.3	- 1.6
May	54.0	73.0	- 19.1	27.2	43.0	- 15.9	12.0	14.2	- 2.3	14.8	15.8	- 0.9
June	49.1	71.8	- 22.7	22.7	41.0	- 18.3	13.0	14.8	- 1.7	13.4	16.0	- 2.7
July	39.1	45.5	- 6.4	21.5	24.9	- 3.4	6.5	9.9	- 3.4	11.1	10.7	+ 0.4
August	47.0	41.0	+ 6.0	24.1	23.2	+ 0.8	8.7	9.4	- 0.6	14.2	8.4	+ 5.8
September	54.2	44.1	+ 10.1	29.5	31.0	- 1.5	8.8	6.4	+ 2.4	15.9	6.8	+ 9.2
October	42.9	69.1	- 26.2	24.9	42.8	- 17.9	6.9	12.2	- 5.3	11.1	14.2	- 3.0
November	56.0	74.4r	- 18.4 r	26.3	43.4r	- 17.1 r	15.0	15.6	- 0.6	14.8	15.5	- 0.7
December	73.9	69.2	+ 4.7	49.1	47.5	+ 1.7	7.6	10.9	- 3.3	17.1	10.8	+ 6.3
Month not identified	-	-	-	-	-	-	-	-	-	-	-	-

As figures are rounded, totals may not equal sum of component parts.

TABLE 3. Trade in Outstanding Foreign Securities Between Canada and Other Countries

(Millions of dollars)

Year and Month	Total Transactions			United States			United Kingdom			Other Foreign Countries		
	Sales to	Purchases from	Net Sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -
1963 – Year (revised)	433.4	393.8	+ 39.5	396.5	355.0	+41.4	13.0	14.8	- 1.8	23.9	24.0	- 0.1
1964 – Year	525.1 r	571.1	- 46.0 r	480.9r	523.0	-42.1 r	12.7	20.2	- 7.5	31.5	27.9	+ 3.6
1965 – Year	640.7	682.6	- 41.9	598.6	639.0	-40.4	16.3	17.1	- 0.8	25.8	26.5	- 0.7
1964 – January	45.7	50.2	- 4.5	38.5	46.0	- 7.6	2.0	1.9	+ 0.1	5.2	2.3	+ 3.0
February	34.3	34.0	+ 0.3	30.0	31.0	- 0.9	0.7	1.7	- 1.0	3.5	1.3	+ 2.2
March	42.0	41.1	+ 0.9	38.2	36.3	+ 2.0	1.5	3.4	- 1.8	2.2	1.5	+ 0.7
April	48.3	62.0	-13.7	44.3	58.5	-14.2	0.7	0.7	-	3.2	2.7	+ 0.5
May	55.2	61.0	- 5.8	50.4	55.8	- 5.3	1.1	1.8	- 0.7	3.7	3.5	+ 0.2
June	45.7	55.6	- 9.9	42.0	50.8	- 8.8	1.3	2.5	- 1.1	2.5	2.4	-
July	38.5	41.6	- 3.1	35.9	37.9	- 2.0	1.1	0.6	+ 0.5	1.5	3.2	- 1.6
August	30.8	30.7	+ 0.1	27.8	27.6	+ 0.2	0.9	0.9	-	2.1	2.1	- 0.1
September	49.8	49.0	+ 0.9	46.8	45.6	+ 1.2	0.9	0.8	+ 0.1	2.1	2.5	- 0.5
October	46.6	44.9	+ 1.7	44.3	41.0	+ 3.3	0.6	2.4	- 1.7	1.7	1.6	+ 0.1
November	40.9	43.8	- 2.8	38.0	38.9	- 0.9	0.8	2.1	- 1.3	2.0	2.7	- 0.7
December	37.1	40.6	- 3.5	34.6	37.2	- 2.5	0.8	1.4	- 0.6	1.6	2.0	- 0.4
Month not identified	10.1 r	16.6	- 6.5 r	10.0 r	16.5	- 6.5 r	-	0.1	- 0.1	0.1	-	+ 0.1
1965 – January	47.6	45.4	+ 2.2	44.0	43.7	+ 0.3	1.3	0.8	+ 0.5	2.2	0.8	+ 1.4
February	38.3	42.2	- 3.9	35.8	40.1	- 4.4	0.8	0.8	-	1.7	1.2	+ 0.5
March	48.9	57.9	- 9.0	43.7	53.8	-10.1	2.6	2.2	+ 0.4	2.6	1.9	+ 0.7
April	48.3	46.8	+ 1.5	44.6	43.2	+ 1.4	1.4	1.2	+ 0.2	2.2	2.3	- 0.1
May	48.9	54.1	- 5.3	46.0	49.6	- 3.6	0.7	2.0	- 1.4	2.1	2.5	- 0.3
June	60.1	69.5	- 9.5	56.0	65.9	- 9.9	1.4	0.9	+ 0.4	2.7	2.7	-
July	36.2	39.5	- 3.3	34.0	36.9	- 2.9	0.9	1.1	- 0.2	1.3	1.6	- 0.3
August	45.4	45.0	+ 0.4	43.2	43.0	+ 0.2	1.0	0.8	+ 0.2	1.2	1.2	-
September	55.7	68.5	-12.9	52.8	64.6	-11.8	0.8	0.8	-	2.0	3.1	- 1.1
October	81.8	64.4	+17.3	77.4	59.2	+18.2	1.6	1.8	- 0.2	2.3	3.4	- 0.6
November	55.9	69.1	-13.2	51.1	64.6	-13.5	2.6	1.7	+ 0.9	2.2	2.8	- 0.6
December	73.8	80.0	- 6.2	69.9	74.2	- 4.3	1.3	2.9	- 1.6	2.6	2.9	- 0.3
Month not identified	-	-	-	-	-	-	-	-	-	-	-	-

As figures are rounded, totals may not equal sum of component parts.

TABLE 4. Trade in Outstanding Securities Between Canada and Other Countries

(Thousands of dollars)

December 1965	Total Sales	Total Purchases	United States		United Kingdom		Other Foreign Countries	
			Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
Grand Total, Canadian and Foreign Securities	147,677	149,220	119,049	121,675	8,886	13,771	19,742	13,774
Canadian Securities, Total	73,863	69,171	49,123	47,458	7,625	10,885	17,115	10,828
Bonds and Debentures	18,282	8,362	8,084	5,865	1,130	834	9,068	1,663
Common and Preference Stocks	55,540	60,732	40,998	41,516	6,495	10,051	8,047	9,165
Other Securities	41	77	41	77	-	-	-	-
Foreign Securities, Total	73,814	80,049	69,926	74,217	1,261	2,886	2,627	2,946
United States Issues:								
Bonds and Debentures	3,746	4,759	2,735	3,258	368	749	643	752
Common and Preference Stocks	67,623	71,740	65,962	69,997	37	398	1,624	1,345
United Kingdom Issues:								
Bonds and Debentures	908	1,263	858	1	38	1,157	12	105
Common and Preference Stocks	887	207	161	18	725	189	1	-
Other Foreign Countries Issues:								
Bonds and Debentures	498	1,063	165	532	93	42	240	489
Common and Preference Stocks	151	667	44	408	-	4	107	255
All Other Foreign Securities	1	350	1	3	-	347	-	-
Analysis of Bonds and Debentures								
Canadian Issues:								
Government of Canada – Direct	11,025	2,246	3,193	1,249	828	316	7,004	681
Government of Canada – Guaranteed	1,371	635	454	99	83	42	834	494
Provincial	2,962	1,076	2,572	927	1	20	389	129
Municipal	1,373	201	1,345	190	-	2	28	9
Railway, not guaranteed by Government	84	425	12	368	53	25	19	32
Other Corporations	1,467	3,779	508	3,032	165	429	794	318
United States Issues:								
Government	791	901	619	901	-	-	172	-
Other	2,955	3,858	2,116	2,357	368	749	471	752
United Kingdom Issues:								
Government	12	21	-	-	-	-	12	21
Other	896	1,242	858	1	38	1,157	-	84

TABLE 5. Trade in Outstanding Securities Between Canada and Other Countries

(Millions of dollars)

Year, 1965	Total Sales	Total Purchases	Net Sales + Purch.-	United States			United Kingdom			Other Foreign Countries		
				Sales to	Purchases from	Net Sales + Purch.-	Sales to	Purchases from	Net Sales + Purch.-	Sales to	Purchases from	Net Sales + Purch.-
Grand Total, Canadian and Foreign Securities	1,286.5	1,505.6	- 219.1	935.3	1,113.6	- 178.3	142.7	189.3	- 46.6	208.5	202.6	+ 5.9
Canadian Securities, Total	645.8	823.0	- 177.2	336.7	474.7	- 138.0	126.4	172.2	- 45.8	182.7	176.2	+ 6.6
Bonds and Debentures	202.6	137.7	+ 64.8	91.2	61.4	+ 29.8	37.8	40.1	- 2.3	73.5	36.2	+ 37.3
Common and Preference Stocks	442.8	683.8	- 241.0	245.1	411.8	- 166.7	88.5	132.0	- 43.5	109.1	139.9	- 30.8
Other Securities	0.5	1.5	- 1.0	0.4	1.5	- 1.1	-	-	-	0.1	-	+ 0.1
Foreign Securities, Total	640.7	682.6	- 41.9	598.6	639.0	- 40.4	16.3	17.1	- 0.8	25.8	26.5	- 0.7
United States Issues:												
Bonds and Debentures	54.9	36.9	+ 18.1	53.0	32.5	+ 20.5	0.4	1.7	- 1.3	1.5	2.6	- 1.1
Common and Preference Stocks	544.2	604.3	- 60.1	530.1	584.8	- 54.7	3.6	5.0	- 1.4	10.5	14.5	- 4.0
United Kingdom Issues:												
Bonds and Debentures	5.2	4.5	+ 0.6	2.5	1.4	+ 1.1	1.1	2.4	- 1.3	1.6	0.8	+ 0.8
Common and Preference Stocks	7.4	7.9	- 0.6	1.2	3.7	- 2.5	5.4	4.2	+ 1.2	0.8	0.1	+ 0.7
Other Foreign Countries Issues:												
Bonds and Debentures	17.2	17.1	+ 0.1	7.6	8.1	- 0.5	3.3	2.7	+ 0.6	6.3	6.3	-
Common and Preference Stocks	11.6	11.3	+ 0.3	4.2	8.4	- 4.2	2.4	0.7	+ 1.7	5.1	2.2	+ 2.8
All Other Foreign Securities	0.2	0.5	- 0.4	0.1	0.1	-	0.1	0.4	- 0.3	-	-	-
Analysis of Bonds and Debentures												
Canadian Issues:												
Government of Canada – Direct	119.5	80.0	+ 39.5	40.4	27.2	+ 13.2	32.0	34.8	- 2.8	47.1	17.9	+ 29.2
Government of Canada – Guaranteed	23.9	9.4	+ 14.5	3.3	2.6	+ 0.7	3.4	0.5	+ 2.9	17.2	6.3	+ 10.9
Provincial	25.1	13.1	+ 12.0	21.1	8.7	+ 12.3	1.1	0.9	+ 0.3	2.9	3.5	- 0.7
Municipal	11.5	4.0	+ 7.5	11.3	3.5	+ 7.7	-	0.2	- 0.2	0.3	0.3	-
Railway, not guaranteed by Government	0.7	1.4	- 0.7	0.3	0.9	- 0.6	0.1	0.2	- 0.1	0.4	0.4	-
Other Corporations	21.8	29.8	- 8.0	14.9	18.4	- 3.5	1.2	3.5	- 2.4	5.7	7.8	- 2.1
United States Issues:												
Government	36.6	15.4	+ 21.2	36.4	15.3	+ 21.0	-	-	-	0.2	-	+ 0.2
Other	18.3	21.5	- 3.2	16.6	17.2	- 0.5	0.4	1.7	- 1.3	1.2	2.5	- 1.3
United Kingdom Issues:												
Government	1.3	1.0	+ 0.2	0.3	-	+ 0.3	0.7	0.8	- 0.1	0.2	0.2	-
Other	3.9	3.5	+ 0.4	2.1	1.3	+ 0.8	0.4	1.5	- 1.2	1.4	0.6	+ 0.8

As figures are rounded, totals may not equal sum of component parts.

TABLE 5A. Trade in Outstanding Government of Canada Bonds (Direct and Guaranteed) between Canada and Other Countries, 1965

Month	Total transactions			United States			United Kingdom			Other countries		
	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -
	millions of dollars											
January	10.7	11.1	- 0.4	5.4	4.0	+ 1.3	1.2	3.3	- 2.1	4.1	3.8	+ 0.3
February	11.7	11.1	+ 0.6	3.1	0.9	+ 2.2	2.6	6.9	- 4.3	6.0	3.3	+ 2.7
March	12.4	10.8	+ 1.5	2.3	2.9	- 0.6	5.2	4.6	+ 0.6	4.9	3.4	+ 1.5
April	7.4	6.2	+ 1.2	2.5	1.9	+ 0.6	1.1	2.2	- 1.1	3.8	2.1	+ 1.7
May	9.8	4.4	+ 5.4	1.5	1.4	+ 0.1	4.7	1.8	+ 2.8	3.6	1.2	+ 2.5
June	14.4	7.3	+ 7.1	4.1	0.7	+ 3.4	5.3	4.7	+ 0.6	4.9	1.8	+ 3.2
July	8.9	6.8	+ 2.1	1.6	3.3	- 1.7	2.2	1.2	+ 1.0	5.1	2.3	+ 2.9
August	17.6	6.2	+ 11.3	6.3	1.4	+ 4.9	4.7	3.7	+ 1.0	6.6	1.1	+ 5.5
September ...	22.7	6.1	+ 16.6	9.1	3.9	+ 5.3	4.0	1.2	+ 2.7	9.6	1.0	+ 8.6
October	8.5	6.0	+ 2.4	3.6	4.3	- 0.7	0.6	0.4	+ 0.3	4.2	1.4	+ 2.9
November	7.1	10.5	- 3.4	0.6	3.8	- 3.1	3.0	5.0	- 2.0	3.5	1.7	+ 1.7
December	12.4	2.9	+ 9.5	3.6	1.3	+ 2.3	0.9	0.4	+ 0.6	7.8	1.2	+ 6.7
Month not identified	-	-	-	-	-	-	-	-	-	-	-	-
Total	143.4	89.4	+ 54.0	43.7	29.8	+ 13.9	35.4	35.3	+ 0.1	64.3	24.2	+ 40.1

TABLE 5B. Trade in Outstanding Canadian Bonds and Debentures(1) between Canada and Other Countries, 1965

Month	Total transactions			United States			United Kingdom			Other countries		
	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -
	millions of dollars											
January	16.8	17.5	- 0.8	10.8	8.5	+ 2.3	1.4	3.5	- 2.1	4.6	5.6	- 1.0
February	18.6	13.9	+ 4.7	9.2	2.0	+ 7.2	2.8	7.2	- 4.4	6.6	4.7	+ 1.9
March	17.5	17.9	- 0.5	4.7	8.1	- 3.5	5.5	5.2	+ 0.3	7.3	4.6	+ 2.7
April	10.1	8.6	+ 1.5	4.1	3.0	+ 1.1	1.5	2.6	- 1.1	4.5	3.0	+ 1.5
May	14.8	7.9	+ 6.9	5.8	3.5	+ 2.3	4.7	2.3	+ 2.4	4.3	2.1	+ 2.2
June	18.4	10.2	+ 8.2	7.0	2.6	+ 4.4	5.8	5.0	+ 0.8	5.6	2.6	+ 3.0
July	14.0	9.7	+ 4.3	6.2	5.4	+ 0.7	2.4	1.4	+ 1.0	5.5	2.8	+ 2.6
August	24.4	8.7	+ 15.7	12.3	3.0	+ 9.3	4.9	4.0	+ 0.8	7.2	1.7	+ 5.5
September ...	26.6	9.0	+ 17.6	12.2	6.0	+ 6.2	4.1	1.5	+ 2.6	10.2	1.5	+ 8.8
October	12.4	11.1	+ 1.3	6.9	7.3	- 0.4	0.7	0.8	- 0.2	4.8	3.0	+ 1.8
November	11.2	16.1	- 4.9	4.2	7.4	- 3.2	3.0	5.7	- 2.7	3.9	3.0	+ 0.9
December	18.3	8.4	+ 9.9	8.1	5.9	+ 2.2	1.1	0.8	+ 0.3	9.1	1.7	+ 7.4
Month not identified	-	-	-	-	-	-	-	-	-	-	-	-
Total	203.0	139.2	+ 63.8	91.6	62.8	+ 28.8	37.8	40.1	- 2.3	73.6	36.2	+ 37.4

(1) Includes also minor amounts of "Other" Canadian securities.

Note: As figures are rounded, totals may not equal sum of component parts.

TABLE 5C. Trade in Outstanding Canadian Common and Preference Stocks between Canada and Other Countries, 1965

Month	Total transactions			United States			United Kingdom			Other countries		
	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -
	millions of dollars											
January	39.8	80.3	- 40.5	19.9	50.3	- 30.3	8.0	13.8	- 5.8	11.9	16.2	- 4.4
February	38.4	65.0	- 26.6	16.4	34.8	- 18.3	10.7	15.9	- 5.2	11.3	14.3	- 3.0
March	48.2	64.7	- 16.5	23.7	33.8	- 10.1	10.6	14.7	- 4.1	13.9	16.3	- 2.4
April	40.2	66.8	- 26.5	22.6	37.5	- 14.9	7.4	16.0	- 8.6	10.2	13.3	- 3.1
May	39.1	65.1	- 26.0	21.4	39.5	- 18.2	7.3	11.9	- 4.7	10.5	13.6	- 3.1
June	30.7	61.7	- 30.9	15.7	38.4	- 22.7	7.2	9.7	- 2.6	7.8	13.5	- 5.7
July	25.1	35.8	- 10.7	15.3	19.4	- 4.1	4.1	8.5	- 4.4	5.7	7.9	- 2.3
August	22.6	32.3	- 9.7	11.8	20.2	- 8.5	3.9	5.3	- 1.5	7.0	6.7	+ 0.3
September ...	27.6	35.1	- 7.5	17.2	25.0	- 7.8	4.7	4.9	- 0.2	5.7	5.3	+ 0.4
October	30.5	58.0	- 27.4	18.0	35.4	- 17.5	6.2	11.3	- 5.1	6.3	11.2	- 4.8
November	44.9	58.3	- 13.4	22.0	36.0	- 13.9	12.0	9.9	+ 2.1	10.9	12.5	- 1.6
December	55.6	60.7	- 5.2	41.0	41.5	- 0.5	6.5	10.1	- 3.6	8.0	9.2	- 1.1
Month not identified	-	-	-	-	-	-	-	-	-	-	-	-
Total	442.8	683.8	- 241.0	245.1	411.8	- 166.7	88.5	132.0	- 43.5	109.1	139.9	- 30.8

TABLE 5D. Trade in Outstanding United States Common and Preference Stocks between Canada and Other Countries, 1965

Month	Total transactions			United States			United Kingdom			Other countries		
	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -
	millions of dollars											
January	40.2	39.9	+ 0.2	39.3	39.0	+ 0.3	-	0.2	- 0.2	0.8	0.7	+ 0.1
February	34.3	37.7	- 3.5	33.6	36.8	- 3.2	0.2	-	+ 0.1	0.5	0.9	- 0.4
March	41.0	48.8	- 7.9	39.6	47.5	- 7.9	0.4	0.3	+ 0.1	0.9	1.1	- 0.1
April	43.1	42.7	+ 0.4	41.6	41.3	+ 0.3	0.1	0.1	-	1.4	1.3	+ 0.2
May	42.4	47.0	- 4.6	41.3	45.4	- 4.2	0.3	0.6	- 0.4	0.9	0.9	-
June	53.1	63.2	- 10.1	52.1	61.0	- 8.9	0.2	0.5	- 0.3	0.9	1.8	- 0.9
July	30.3	36.4	- 6.1	29.8	34.6	- 4.7	0.2	0.8	- 0.6	0.3	1.0	- 0.7
August	38.2	39.3	- 1.0	37.8	38.0	- 0.2	0.1	0.4	- 0.3	0.3	0.9	- 0.6
September ...	49.6	58.9	- 9.3	48.9	56.5	- 7.7	0.1	0.7	- 0.6	0.6	1.7	- 1.1
October	54.6	57.3	- 2.7	52.8	55.8	- 3.0	0.4	0.2	+ 0.2	1.4	1.3	+ 0.1
November	49.8	61.3	- 11.5	47.4	58.9	- 11.5	1.7	0.8	+ 0.8	0.8	1.6	- 0.8
December	67.6	71.7	- 4.1	66.0	70.0	- 4.0	-	0.4	- 0.4	1.6	1.3	+ 0.3
Month not identified	-	-	-	-	-	-	-	-	-	-	-	-
Total	544.2	604.3	- 60.1	530.1	584.8	- 54.7	3.6	5.0	- 1.4	10.5	14.5	- 4.0

Note: As figures are rounded, totals may not equal sum of component parts.

TABLE 6A. Trade in Outstanding Canadian and Foreign Securities between Canada and Other Countries, 1933-65

Year	Total transactions			United States			United Kingdom			Other countries		
	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -	Sales to	Purchases from	Net sales + purchases -
	millions of dollars											
1933	289	238	+ 51	206	203	+ 3	81	28	+ 53	2	7	- 5
1934	321	312	+ 9	216	284	- 68	102	24	+ 78	3	4	- 1
1935	302	251	+ 51	268	201	+ 67	31	44	- 13	3	6	- 3
1936	423	415	+ 8	338	347	- 9	72	60	+ 12	13	8	+ 5
1937	507	512	- 5	376	413	- 37	106	86	+ 20	25	13	+ 12
1938	369	340	+ 29	283	261	+ 22	52	64	- 12	34	15	+ 19
1939	311	239	+ 72	248	191	+ 57	32	37	- 5	31	11	+ 20
1940	124	95	+ 29	114	83	+ 31	7	10	- 3	3	2	+ 1
1941	108	75	+ 33	104	68	+ 36	2	5	- 3	2	2	-
1942	167	61	+ 106	165	56	+ 109	-	4	- 4	2	1	+ 1
1943	268	96	+ 172	264	83	+ 181	-	11	- 11	4	2	+ 2
1944	213	116	+ 97	206	93	+ 113	1	20	- 19	6	3	+ 3
1945	386	195	+ 191	380	158	+ 222	-	33	- 33	6	4	+ 2
1946	416	281	+ 135	405	235	+ 170	4	39	- 35	7	7	-
1947	194	212	- 18	182	193	- 11	4	13	- 9	8	6	+ 2
1948	218	236	- 18	208	225	- 17	5	7	- 2	5	4	+ 1
1949	233	225	+ 8	225	206	+ 19	4	16	- 12	4	3	+ 1
1950	562	325	+ 237	543	289	+ 254	5	28	- 23	14	8	+ 6
1951	585	575	+ 10	532	542	- 10	9	18	- 9	44	15	+ 29
1952	510	592	- 82	448	543	- 95	25	25	-	37	24	+ 13
1953	501	510	- 9	385	445	- 60	55	25	+ 30	61	40	+ 21
1954	809	739	+ 70	619	613	+ 6	77	54	+ 23	113	72	+ 41
1955	1,159	1,161	- 2	943	979	- 36	91	74	+ 17	125	108	+ 17
1956	1,319	1,100	+ 219	992	948	+ 44	154	67	+ 87	173	85	+ 88
1957	1,090	974	+ 116	735	780	- 45	195	106	+ 89	160	88	+ 72
1958	871	770	+ 101	643	572	+ 71	110	101	+ 9	118	97	+ 21
1959	1,134	965	+ 169	800	740	+ 60	134	121	+ 13	200	104	+ 96
1960	944	909	+ 35	655	603	+ 52	103	135	- 32	186	171	+ 15
1961	1,710	1,615	+ 95	1,395	1,192	+ 203	130	213	- 83	185	210	- 25
1962	1,749	1,869	- 120	1,469	1,456	+ 13	141	208	- 67	139	205	- 66
1963	1,088	1,179	- 91	755	777	- 22	158	220	- 62	175	182	- 7
1964	1,287	1,353	- 66	901	956	- 55	158	194	- 36	228	203	+ 25
1965	1,287	1,506	- 219	936	1,114	- 178	142	189	- 47	209	203	+ 6

Figures prior to 1952 exclude varying amounts of transactions which took place through channels not covered by regular monthly reports, and prior to 1949 include sales to non-residents of new domestic issues floated in Canada, and purchases from non-residents of new issues floated abroad. Some trnnsactions in short-term securities are included prior to 1955.

TABLE 6B. Analysis of Trade in Outstanding Canadian Securities between Canada and Other Countries by Group of Securities, 1955-65

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
	millions of dollars										
Bonds and debentures, etc.:											
Government of Canada:											
Sales	86	141	72	109	188	162	409	568	151	123	120
Purchases	155	127	78	88	83	128	357	514	124	82	80
Net	- 69	+ 14	- 6	+ 21	+ 105	+ 34	+ 52	+ 54	+ 27	+ 41	+ 40
Dominion guaranteed:											
Sales	6	7	3	13	19	36	42	34	29	31	24
Purchases	28	15	11	14	6	22	19	38	14	12	10
Net	- 22	- 8	- 8	- 1	+ 13	+ 14	+ 23	- 4	+ 15	+ 19	+ 14
Provincial:											
Sales	20	20	14	14	13	16	29	36	18	30	25
Purchases	79	31	29	32	18	23	39	27	17	15	13
Net	- 59	- 11	- 15	- 18	- 5	- 7	- 10	+ 9	+ 1	+ 15	+ 12
Municipal:											
Sales	9	7	7	5	7	12	20	17	6	11	11
Purchases	15	5	8	6	5	8	17	7	5	6	4
Net	- 6	+ 2	- 1	- 1	+ 2	+ 4	+ 3	+ 10	+ 1	+ 5	+ 7
Railway, other:											
Sales	5	3	3	3	4	1	1	1	1	1	1
Purchases	5	3	7	6	6	5	4	3	3	1	1
Net	-	-	- 4	- 3	- 2	- 4	- 3	- 2	- 2	-	-
Other corporations:(1)											
Sales	57	73	88	57	29	37	50	44	34	31	22
Purchases	66	59	99	55	51	75	54	47	37	34	31
Net	- 9	+ 14	- 11	+ 2	- 22	- 38	- 4	- 3	- 3	- 3	- 9
Total bonds, debentures, etc.:											
Sales	183	251	187	201	260	264	551	700	239	227	203
Purchases	348	240	232	201	169	261	490	636	200	150	139
Net	- 165	+ 11	- 45	-	+ 91	+ 3	+ 61	+ 64	+ 39	+ 77	+ 64
Common and preference stocks:											
Sales	713	816	693	467	589	405	732	693	416	535	443
Purchases	575	628	556	379	479	354	693	809	586	632	684
Net	+ 138	+ 188	+ 137	+ 88	+ 110	+ 51	+ 39	- 116	- 170	- 97	- 241

(1) Figures include "Other" Canadian securities.

TABLE 6C. Trade in Outstanding Canadian Securities between Canada and Other Countries, 1955-65

Year	Total Canadian securities			Bonds			Stocks			Other securities		
	Sales	Purchases	Net sales + purchases -	Sales	Purchases	Net sales + purchases -	Sales	Purchases	Net sales + purchases -	Sales	Purchases	Net sales + purchases -
	millions of dollars											
1955	896	923	- 27	165	335	- 170	713	575	+ 138	18	13	+ 5
1956	1,067	868	+ 199	227	222	+ 5	816	628	+ 188	24	18	+ 6
1957	880	788	+ 92	170	219	- 49	693	556	+ 137	17	13	+ 4
1958	669	581	+ 88	201	201	-	467	379	+ 88	1	1	-
1959	849	648	+ 201	258	167	+ 91	589	479	+ 110	2	2	-
1960	669	615	+ 54	262	260	+ 2	405	354	+ 51	2	1	+ 1
1961	1,283	1,183	+ 100	548	487	+ 61	732	693	+ 39	3	3	-
1962	1,393	1,445	- 52	695	634	+ 61	693	809	- 116	5	2	+ 3
1963	655	786	- 131	237	198	+ 39	416	586	- 170	2	2	-
1964	762	782	- 20	226	149	+ 77	535	632	- 97	1	1	-
1965	646	823	- 177	203	138	+ 65	443	684	- 241	-	1	- 1

TABLE 6D. Trade in Outstanding Foreign Securities between Canada and Other Countries, 1955-65

Year	Total foreign securities			United States bonds			United States stocks			Other foreign securities		
	Sales	Purchases	Net sales + purchases -	Sales	Purchases	Net sales + purchases -	Sales	Purchases	Net sales + purchases -	Sales	Purchases	Net sales + purchases -
	millions of dollars											
1955	263	238	+ 25	14	13	+ 1	222	196	+ 26	27	29	- 2
1956	252	232	+ 20	15	12	+ 3	211	203	+ 8	26	17	+ 9
1957	210	186	+ 24	28	54	- 26	164	117	+ 47	18	15	+ 3
1958	202	189	+ 13	36	30	+ 6	158	148	+ 10	8	11	- 3
1959	285	317	- 32	27	36	- 9	240	264	- 24	18	17	+ 1
1960	275	294	- 19	36	44	- 8	223	226	- 3	16	24	- 8
1961	427	432	- 5	39	29	+ 10	365	371	- 6	23	32	- 9
1962	356	424	- 68	49	48	+ 1	282	337	- 55	25	39	- 14
1963	433	393	+ 40	53	30	+ 23	353	333	+ 20	27	30	- 3
1964	525	571	- 46	29	34	- 5	454	501	- 47	42	36	+ 6
1965	641	683	- 42	55	37	+ 18	544	604	- 60	42	42	-

TABLE 7.

Year and Month	Domestic Government Bonds (Last Wednesday of month): Canada 3¾% due January 15, 1975-78		United States 3¼% due June 15, 1978-83		United Kingdom 3% due August 15, 1965-75		Stock Prices: Canada (Dominion Bureau of Statistics)		United States Standard and Poor's Composite Stock Index of Industrials, Railroads and Utilities	Exchange Rate: United States dollar in Canada (noon average in cents)
	Price	Yield	Price	Yield	Price	Yield	Investors' Price Index (Industrials Utilities Finance)	Composite Mining Index		
							1956 = 100		1941-1943 = 10	
1960 – March	82.13	5.32	87.00	4.13	74.38	5.48	100.3	78.1	55.02	95.09
June	84.63	5.08	91.13	3.83	70.50	5.98	104.7	70.5	57.26	98.23
September	87.38	4.84	92.25	3.76	71.19	5.94	106.0	76.1	54.81	97.25
December	81.63	5.41	91.69	3.80	70.31	6.10	109.4	79.3	56.80	98.24
1961 – March	84.13	5.18	91.81	3.80	70.91	6.06	124.8	82.8	64.12	98.73
June	86.13	4.99	89.50	3.97	69.09	6.35	133.6	90.3	65.62	100.55
September	86.00	5.02	88.81	4.03	67.66	6.60	140.1	96.9	67.26	103.08
December	86.69	4.96	87.88	4.11	70.34	6.27	142.0	103.1	71.74	104.27
1962 – March	87.81	4.86	89.50	3.99	70.91	6.24	141.4	100.4	70.29	104.94
June	84.38	5.23	90.56	3.91	71.28	6.23	117.6	98.1	55.63	108.79
September	83.13	5.38	90.63	3.91	81.34	4.98	119.6	92.3	58.00	107.68
December	86.19	5.07	91.63	3.84	80.41	5.13	126.9	88.6	62.64	107.60
1963 – March	86.31	5.07	91.19	3.88	78.94	5.35	132.3	92.9	65.67	107.80
June	88.06	4.91	89.31	3.99	81.88	5.01	139.9	90.8	70.11	107.82
September	86.63	5.08	90.00	3.99	83.66	4.82	138.0	91.8	72.85	107.98
December	86.06	5.16	87.63	4.19	80.25	5.30	139.8	86.5	74.17	107.93
1964 – March	85.38	5.25	86.94	4.25	79.44	5.45	147.1	96.4	78.80	108.05
June	86.06	5.20	88.81	4.10	78.06	5.69	160.5	96.4	80.24	108.09
September	86.13	5.21	88.19	4.16	77.56	5.81	166.8	104.2	83.40	107.61
December	87.63	5.06	88.31	4.16	73.63	6.47	169.4	112.6	83.96	107.46
1965 – January	88.19	5.00	88.81	4.12	73.66	6.49	177.2	118.2	86.12	107.38
February	87.56	5.08	88.50	4.15	73.69	6.50	177.8	117.6	86.75	107.58
March	87.31	5.11	88.81	4.13	73.00	6.64	180.0	119.0	86.83	108.11
April	87.56	5.09	88.75	4.14	72.91	6.68	180.5	118.5	87.97	107.92
May	87.31	5.13	88.75	4.14	72.13	6.84	183.7	116.0	89.28	107.95
June	86.81	5.20	88.69	4.15	72.16	6.86	174.0	110.0	85.04	108.23
July	85.44	5.37	88.50	4.17	72.28	6.87	166.0	108.9	84.91	108.35
August	85.06	5.42	87.44	4.26	72.06	6.93	171.2	111.2	86.49	107.84
September	85.31	5.40	86.56	4.35	74.88	6.49	175.5	109.7	85.32	107.64
October	85.19	5.42	86.69	4.34	75.03	6.48	176.4	108.4	91.39	107.51
November	84.81	5.48	86.19	4.39	74.78	6.55	177.8	112.0	92.15	107.49
December	84.50	5.53	85.06	4.49	74.25	6.67	173.8	110.1	91.73	107.58

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