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67-001

QUARTERLY

DOMINION BUREAU OF STATISTICS

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OTTAWA CANADA

Published by Authority of the Honourable George H. Meeker, Minister of Trade and Commerce

NE PAS PRETER

Vol. 10, No. 1

Price: \$1.00 per year

QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

FIRST QUARTER 1962

Canada's current account deficit in goods and services with other countries was higher in the first quarter of 1962 than in the same period last year, being \$363 million in the recent quarter compared with \$338 million last year.

On capital account, there was a decrease in official holdings of gold and foreign exchange of \$364 million in terms of Canadian currency in the first quarter. Capital movements, apart from this change, continued to follow a variety of forms and directions, but in the period as a whole, these movements were mainly offsetting. Movements in long term form were also close to balance, as outflows arising from security transactions were close to net inflows connected with direct investment and other long term forms in the quarter. A summary of leading elements in Canada's international accounts follows.

| | 1961 | | 1962 | |
|---|-----------------------|------|------|------|
| | I Q | IV Q | I Q | IV Q |
| | (millions of dollars) | | | |
| Merchandise trade balance | + 6 | + 60 | - 14 | |
| Deficit on non-merchandise transactions | -344 | -332 | -349 | |
| Current account deficit | -338 | -272 | -363 | |
| Capital movements before change in official holdings | +443 | +407 | - 1 | |
| Change in official holdings of gold and foreign exchange(1) | -105 | -135 | +364 | |

(1) Increase (-)

Again the chief source of the current deficit was a growing excess of payments over receipts originating in non-merchandise transactions. Contributing to the rise in this part of the current deficit to \$349 million from \$344 million, were larger deficits in 1962 from travel and business and other services, which more than offset some contraction in the deficit on income account from the wide imbalance in the first quarter of 1961 when there was an

unusual concentration of dividend transfers from Canadian subsidiaries to foreign parent companies. When allowance is made for seasonal factors this deficit from non-merchandise transactions was of the general order of \$1 1/4 billion at an annual rate.

Small balance on merchandise trade

On merchandise account there was once more only a very small trade balance when statistics are adjusted for balance of payments purposes, although the change from a slight export balance of \$6 million to an import balance of \$14 million also contributed to the larger deficit. There were sharply higher levels of merchandise trade in both directions than in 1961, but the rate of increase in imports exceeded the rise in exports.

Prepared in the Balance of Payments Section
National Accounts and Balance of Payments Division

2206-502-32

ROGER DUHAMEL, F.R.S.C., Queen's Printer and Controller of Stationery, Ottawa, 1962

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In the first quarter of 1962 there was an increase in Canada's merchandise exports of about 11 per cent from the level of the same period in 1961. This was also higher than any earlier first quarter. Divergent trends led to this result in 1962. While exports to the United States rose sharply by more than one-quarter, the value of shipments to overseas countries fell by some 8 per cent. These declines were distributed among shipments to various destinations including the United Kingdom, rest of the Commonwealth, and countries in Western Europe. In contrast exports to Communist China were substantially higher than in the first quarter of last year and exports to Japan slightly higher.

An important element leading to a general rise in values was the change in the foreign exchange rate for the Canadian dollar. Among other significant elements in the rise in exports to the United States was an unusual concentration of deliveries of aircraft in the first quarter. Higher shipments of some metals and forest products and petroleum and natural gas also contributed to the gain in sales to the United States. The value of wheat shipments overseas was again higher than in the previous year although considerably less than in subsequent quarters of last year. On the other hand there were lower levels of some industrial materials sold in overseas markets including the United Kingdom and other O.E.C.D. countries.

The value of merchandise imports rose more than exports, being some 12 per cent more than in the first quarter of 1961. About one-third of this increase was due to higher levels of import prices, reflecting chiefly the reduced foreign exchange value of the Canadian dollar. The chief gain occurred in imports from the United States, which rose more than imports from overseas.

Increases which have occurred in imports in recent quarters have been widely distributed among commodities, with expanded purchases being particularly evident in many industrial materials and components used by Canadian industry. Imports of machinery have also been higher, as have some groups of consumer goods like food, and feed, although there have been significant declines in some, like automobiles. While details are not yet available, indications are that much of this pattern may have persisted in the first quarter of 1962. Some gains in business inventories may also have played some part in the recent expansion in imports.

Deficit from services and non-merchandise items

While the changes in the first quarter in the balance on merchandise trade with Canada's principal trading partners were larger, the imbalance on "invisibles" persisted in being the core of the current account deficit. Notwithstanding a pronounced decline in the deficit in the income account together with reduced payments of official contributions and a slightly higher value of gold production available for export, enlarged deficits on other non-merchandise transactions (with payments outpacing receipts) yielded a net rise of \$5 million in the deficit on all "invisible" items from \$344 million to \$349 million in the first three months of 1962. The individual deficits on the income and travel accounts and miscellaneous current transactions added up to the \$349 million total, as the balances on other items matched together.

Net payments of interest and dividends amounting to \$147 million were higher than in any first quarter before 1961. They represented 42 per cent of the non-merchandise deficit in the March quarter of 1962, which proportion was in line with that for the initial quarters of 1958 and 1959. The larger share of 49 per cent for the same period of 1961 was mainly due to lagging from the preceding fourth quarter of dividend payments by a number of Canadian subsidiaries to parents abroad, a temporary deviation from the usual pattern of remittances. The receipts of interest and dividends were down from \$36 million to \$33 million, with each of the components declining slightly. Interest payments, on the other hand, rose from \$61 million to \$67 million, with increased holdings accounting for about two-thirds of the gain and the decline in the foreign exchange rate of the Canadian dollar accounting for the rest.

At \$113 million, dividend payments in the three months of 1962, while lower than the total for the same quarter for 1961 for reasons referred to above, were higher than in any preceding first quarter. The drop in the current quarter under review was moderated in part by higher net profits of foreign branches in Canada and larger dividend payments on portfolio investment.

With a gain in receipts on travel account from \$38 million to \$43 million and a rise in expenditures abroad from \$129 million to \$141 million, net travel payments of \$98 million represented

Income Account: Payments
(millions of dollars)

| <u>Period</u> | <u>Total</u> | <u>Interest</u> | <u>Dividends</u> |
|---------------|--------------|-----------------|------------------|
| 1960 | 653 | 239 | 414 |
| 1961 | 770 | 259 | 511 |
| 1960 I Q | 145 | 54 | 91 |
| II Q | 161 | 65 | 96 |
| III Q | 157 | 53 | 104 |
| IV Q | 190 | 67 | 123 |
| 1961 I Q | 204 | 61 | 143 |
| II Q | 174 | 68 | 106 |
| III Q | 170 | 58 | 112 |
| IV Q | 222 | 72 | 150 |
| 1962 I Q | 180 | 67 | 113 |

28 per cent of the deficit on "invisibles", which was at about the same level for other recent years. Most of the gain in expenditures abroad originated in a sharp rise in travel overseas by Canadians. Net payments for freight and shipping services went up from \$14 million to \$17 million, following increases in receipts from \$102 million to \$109 million and in payments from \$116 million to \$126 million. The deficit on migrants' funds and inheritances estimated at \$19 million was slightly higher in the opening quarter of 1962, with receipts having risen from \$19 million to \$20 million and payments from \$35 million to \$39 million. The slight advance in the value of gold production available for export from \$41 million to \$42 million was due to the change in the foreign exchange rate for the Canadian dollar.

At \$104 million, net payments for miscellaneous current transactions, which accounted for about 30 per cent of the deficit on non-merchandise transactions, were \$21 million higher than that for the first quarter of 1961. Receipts

for this group slipped down from \$103 million to \$100 million on account of offsetting factors such as lower expenditures for United States defence facilities in Canada and receipts of interest on export credit financing and of special compensation for contract cancellation. Such factors as the continuing rise in production and the higher Canadian dollar cost of services contributed to a substantial growth in net payments for business services.

Transactions by Areas

For about a year now comparisons of corresponding quarters have tended to show improvements in the current account balances with the United States, the United Kingdom and Other Countries. This amelioration was extended in the first quarter of 1962 with the United States, but the surpluses were cut in transactions with the overseas countries.

Quarterly Current Account Balances
(millions of dollars)

| | <u>I Q</u> | <u>II Q</u> | <u>III Q</u> | <u>IV Q</u> |
|------------------------|------------|-------------|--------------|-------------|
| <u>United States</u> | | | | |
| 1960 | -343 | -449 | -165 | -404 |
| 1961 | -431 | -434 | -150 | -371 |
| 1962 | -373 | | | |
| <u>United Kingdom</u> | | | | |
| 1960 | +28 | +12 | +48 | +78 |
| 1961 | +37 | +24 | +42 | +79 |
| 1962 | +7 | | | |
| <u>Other Countries</u> | | | | |
| 1960 | -11 | -40 | -10 | +13 |
| 1961 | +56 | +95 | +51 | +20 |
| 1962 | +3 | | | |

As changes in the deficit in non-merchandise transactions with each of the three areas were slight, variations in the trade balances paralleled those of the current account balances. The deficit on merchandise trade with the United States narrowed \$57 million, or nearly 28 per cent, from \$206 million to \$149 million, while the trade surplus with the United Kingdom declined \$28 million, or 32 per cent, from \$88 million to \$60 million, and that with Other Countries fell \$49 million, or 39 1/2 per cent, from \$124 million to \$75 million. Within this group of countries, the trade surplus in the first quarter of 1961 with the Rest of the Sterling Area (\$35 million) and with the other OECD countries (\$68 million) contracted by about one-half and two-thirds, respectively, one year later, while the surplus of \$21 million with the remaining countries nearly doubled.

With the quickening of business activity in the United States, merchandise exports to the country expanded \$184 million, or 27 per cent, from \$677 million to \$861 million in the first quarter of 1962. This substantial growth in ship-

ments was distributed among many groups of commodities, comprising wood, wood products and paper; iron, non-ferrous metals and products; petroleum and natural gas; and miscellaneous commodities, which

included a number of Canadian-designed air transports. At the same time, imports from the United States increased \$127 million, or 14 1/2 per cent, from \$883 million to \$1,010 million. The deficit on non-merchandise transactions was almost identical at \$225 million and \$224 million, respectively, in the March quarters of 1961 and 1962. The unchanged totals, however, included a decline in dividend payments of about \$25 million, offset by lower receipts on government account and larger business service payments.

Summary of Current Transactions with the
United States, United Kingdom and Other Countries,
First Quarter 1961 and 1962, and Change between the Periods
(millions of dollars)

| | All Countries | | | United States | | |
|---|---------------|-------|--------|---------------|-------|--------|
| | 1961 | 1962 | Change | 1961 | 1962 | Change |
| Merchandise exports (adjusted) | 1,266 | 1,404 | + 138 | 677 | 861 | + 184 |
| Merchandise imports (adjusted) | 1,260 | 1,418 | + 158 | 883 | 1,010 | + 127 |
| Balance on merchandise trade | + 6 | - 14 | - 20 | - 206 | - 149 | + 57 |
| Other current receipts | 339 | 347 | + 8 | 240 | 250 | + 10 |
| Other current payments | 683 | 696 | + 13 | 465 | 474 | + 9 |
| Balance on non-merchandise transactions | - 344 | - 349 | - 5 | - 225 | - 224 | + 1 |
| Current account balance | - 338 | - 363 | - 25 | - 431 | - 373 | + 58 |

| | United Kingdom | | | Other Countries | | |
|---|----------------|------|--------|-----------------|------|--------|
| | 1961 | 1962 | Change | 1961 | 1962 | Change |
| Merchandise exports (adjusted) | 223 | 195 | - 28 | 366 | 348 | - 18 |
| Merchandise imports (adjusted) | 135 | 135 | - | 242 | 273 | + 31 |
| Balance on merchandise trade | + 88 | + 60 | - 28 | + 124 | + 75 | - 49 |
| Other current receipts | 40 | 41 | + 1 | 59 | 56 | - 3 |
| Other current payments | 91 | 94 | + 3 | 127 | 128 | + 1 |
| Balance on non-merchandise transactions | - 51 | - 53 | - 2 | - 68 | - 72 | - 4 |
| Current account balance | + 37 | + 7 | - 30 | + 56 | + 3 | - 53 |

In transactions with the United Kingdom, the current account surplus was reduced from \$37 million to \$7 million as a result of a combination of developments. Merchandise exports declined \$28 million to \$195 million in the three months of 1962, imports were steady at \$135 million, and the non-merchandise deficit increased slightly to \$53 million. While exports of some other groups of commodities were also lower, the bulk of the reduction in exports appeared to have been concentrated in wood, wood products and paper; iron and products; and non-ferrous metals and products. Among the "invisible" items, dividend payments were smaller while expenditures by Canadian travellers in the United Kingdom were higher.

Increases were indicated in merchandise imports from the Rest of the Sterling Area, the other OECD, and the remaining countries, while merchandise exports declined to the first two areas but increased to the other countries. The degree of change in exports and imports was greater for the other OECD countries. Exports of non-ferrous metals and products to the whole group of these countries declined sharply, while shipments of wheat to Communist China were substantially higher in the first quarter of 1962.

Capital Movements

The summary statement on this page illustrates clearly the principal features of Canada's balance of payments in the first quarter of the current year - the persistence of a substantial deficit on current account, and the virtual cessation of any net capital inflow on balance in either long or short term forms apart from changes in official holdings of gold and foreign exchange.

| | 1961 | | 1962 | |
|--|-----------------------|------|------|--|
| | I Q | IV Q | I Q | |
| | (millions of dollars) | | | |
| Balance on goods and services | -338 | -272 | -363 | As may be inferred from the monthly changes in these holdings through the quarter, there were at times substantial changes in private exchange positions but over the period as a whole these largely cancelled out, leaving the underlying factor of the deficit from transactions in goods and services. |
| Capital movements in long term forms | +147 | + 99 | + 8 | |
| Capital movements in short term forms(1) | +296 | +308 | - 9 | |
| Change in official holdings of gold and foreign exchange(2) | -105 | -135 | +364 | |
| (1) Excluding change in official holdings of gold and foreign exchange | | | | |
| (2) Increase (-) | | | | |

DIRECT INVESTMENT The net inflow of foreign capital for direct investment in foreign-controlled enterprises in Canada continued at about the general level of the last half of 1961. The estimate of \$75 million for the first quarter of the current year compares with \$75 million in the third quarter of 1961 and \$85 million in the fourth. These rates of inflow were below those prevailing since the first half of 1952.

Although the net movement has been relatively unchanged, its character has varied substantially. Setting apart transactions covering the acquisition of existing concerns or interests or refinancing etc. having no counterpart in current new capital formation in Canada, other direct investment inflows fell in the first quarter to about half the level of the fourth quarter of 1961.

Industrially net inflows to the petroleum, natural gas, and mining industries represented a relatively smaller proportion of the total than recently, accounting for perhaps half. Inflows to manufacturing were larger than for some quarters past, both absolutely and relatively, but the increase reflected entirely special factors such as takeovers and refinancing.

Geographically the United States assumed greater importance as a source of foreign direct investment capital than was the case through 1961, accounting for about seven tenths of the net movement. Somewhat less than half of the remainder came from the United Kingdom.

The net outflow of Canadian capital for direct investment abroad is tentatively estimated at \$25 million. This compares with \$20 million in the fourth quarter. The movements were widely spread by industry and by destination.

SECURITY TRANSACTIONS During the first quarter of 1962 all transactions between Canada and other countries in portfolio securities led to a net capital outflow of \$66 million. This followed an outflow of \$5 million in the fourth quarter of 1961, and compared with an inflow of \$65 million in the first quarter of that year.

Repurchases of outstanding Canadian bonds, debentures, etc. and of stocks both occurred on a modest scale during the quarter. Net sales of outstanding Canadian equities to residents of the United States continued but at a lower rate than in recent quarters, as did net repurchases from overseas countries. The repurchase balance from trade in outstanding Canadian bonds, debentures, etc. reflected modest sales to overseas countries and repurchases from the United States, with on balance, small sales of government issues and repurchases of corporate issues. The balance from trade in all outstanding Canadian issues moved from net sales of \$10 million in January to net repurchases of \$13 million in March.

Receipts from the sale to non-residents of new issues of Canadian securities fell sharply, amounting to only \$32 million, mainly in the form of participation by non-residents in new issues marketed in Canada. Retirements of non-resident-owned Canadian securities continued to be large at \$61 million, mainly arising from contractual maturities.

Net Sales of Outstanding Canadian Stocks
to Non-residents
(millions of dollars)

| <u>Quarter</u> | | <u>Total</u> | <u>United States</u> | <u>Other Countries</u> |
|----------------|-------|--------------|----------------------|------------------------|
| 1960 | I Q | 13 | 5 | 8 |
| | II Q | 24 | 22 | 2 |
| | III Q | 10 | 14 | - 4 |
| | IV Q | 2 | 13 | -11 |
| 1961 | I Q | 13 | 21 | - 8 |
| | II Q | 32 | 45 | -13 |
| | III Q | - | 22 | -22 |
| | IV Q | - 5 | 32 | -37 |
| 1962 | I Q | - 7 | 15 | -22 |

Net acquisitions of foreign securities by residents of Canada totalled \$27 million in the quarter. An important factor in the total were purchases of stocks of United States and overseas countries which were exceptionally large during March when new investment intermediaries became active.

The gross turnover of securities between Canada and other countries during the quarter was over \$1,250 million which, however, included some transactions in medium or long term securities under purchase and resale agreements. This was of the same order as in the fourth quarter of 1961 when new issues and retirements were a more important factor. The figures do not include sales to non-residents of securities of an original term of one year or less, including treasury bills and commercial and finance paper; these are included in later items of the capital account.

OTHER CAPITAL MOVEMENTS

Intergovernmental loans gave rise to a capital inflow of \$3 million as India made a further repayment of principal under a special loan for the purchase of wheat and flour. Other Canadian aid abroad has been covered in the items "Official Contributions" and in "Other Capital Movements" which includes credits extended through official and private agencies under Government guarantee.

Change in Canadian dollar holdings
of foreigners
(millions of dollars)

| <u>Quarter</u> | | <u>Total</u> | <u>Treasury Bills</u> | <u>Deposits etc.</u> |
|----------------|-------|--------------|-----------------------|----------------------|
| 1960 | I Q | - 2 | - 8 | + 6 |
| | II Q | - 2 | -10 | + 8 |
| | III Q | +45 | +27 | +18 |
| | IV Q | +79 | +47 | +32 |
| 1961 | I Q | - 5 | +32 | -37 |
| | II Q | -72 | -76 | + 4 |
| | III Q | - 1 | -34 | +33 |
| | IV Q | +44 | +18 | +26 |
| 1962 | I Q | -37 | +11 | -48 |

Canadian dollar holdings of non-residents showed a sharp decline in the first quarter, substantially reversing the capital inflow in this form in the fourth quarter. Non-residents increased their holdings of Canadian treasury bills but reduced their deposits and similar holdings by a greater amount. The United Kingdom and other European countries accounted for about nine-tenths of the outflow.

The capital inflow of \$364 million arising from reductions in official holdings of gold and foreign exchange has already been referred to. Official holdings of gold and United States dollars were reduced, in terms of United States currency, by \$347 million, having a Canadian dollar value of \$363 million. Official holdings of sterling are generally limited to working balances, and the further inflow of about \$1 million reflected a minor change in them.

Official Holdings of
Gold and United States dollars
(millions of United States dollars)

| <u>End of</u> | <u>Amount</u> | <u>Change in Period</u> |
|---------------|---------------|-------------------------|
| 1961 | I Q | 1,935 |
| | II Q | 1,985 |
| | III Q | 1,924 |
| | IV Q | 2,056 |
| 1962 | I Q | 1,709 |
| 1962 | Jan | 1,922 |
| | Feb | 1,747 |
| | Mar | 1,709 |

One type of capital movement that analysts may wish to relate directly to the change in official holdings of gold and foreign exchange is the change in Canada's net International Monetary Fund position, a measure of the resources which Canada has provided to that institution. Expressed in United States funds, for comparability with the series covering official holdings of gold and United States dollars, this position fell by \$1 million in the first quarter of 1961, rose by \$10 million and \$50 million in the second and third quarter respectively (reflecting IMF transactions with Australia and with the United Kingdom), and fell by \$10 million in March of 1962 as Australia repaid its drawing of Canadian dollars from the Fund. The effect of this special financing transaction was to decrease the reduction in official holdings of gold and United States dollars which would otherwise have been recorded in March.

Composition of "Other Capital Movements"
(millions of dollars)

| | 1960 | 1961 | 1961 | | | | 1962 |
|---|------------|------------|------------------|-------------------|------------------|-------------------|------------------|
| | Year | Year | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Transactions with all countries | | | | | | | |
| International Financial Agencies(1) | | | | | | | |
| Canadian dollar subscriptions | - 10 | - 17 | - | - 9 | - | - 8 | - 22 |
| Short-term Canadian dollar holdings | 5 | - 43 | 2 | - | - 52 | 7 | 33 |
| Other long-term capital transactions | 58 | - 17 | - 1 | - 27 | - 1 | 12 | 21 |
| Bank balances and other short-term funds abroad (excluding official reserves) | - 61 | 154 | 128 | 54 | -140 | 112 | 48 |
| Borrowings from non-residents by finance companies, and non-resident holdings of commercial paper (1961) only | 65 | 108 | 71 | 21 | - 1 | 17 | 28 |
| All other transactions including changes in loans and accounts receivable and payable(2) | 212 | 439 | 100 | 158 | 45 | 136 | - 59 |
| TOTAL (Item D 17) | 269 | 624 | 300 | 197 | -149 | 276 | 49 |

(1) International Bank for Reconstruction and Development, International Monetary Fund, and International Development Association.

(2) Includes also balancing item representing difference between direct measurements of current and capital accounts.

NOTES: The figures in this statement are based on incomplete data, and make use in some cases of statistics compiled in other countries. The items are therefore subject to greater possible error than others in the balance of payments statement.

A minus sign indicates an outflow of capital from Canada.

The composition of the final category found in statements of the Canadian balance of payments, "Other capital movements", is shown on this page. It reflects, in Canadian dollar terms, the transactions affecting Canada's net IMF position discussed in the preceding paragraph, as well as Canadian dollar quota payments and subscriptions to the international financial agencies. At times these have been occasioned by changes in capital structure, and at times they have arisen from variations in the exchange value of the Canadian dollar necessitating adjustment payments to maintain the gold value of the capital.

Other long-term capital transactions leading to a net capital import of \$21 million reflected mainly net Canadian borrowing in the form of bank and other loans. Private and banking holdings of foreign exchange of Canadians, apart from official holdings, were reduced by an inflow of \$48 million; this is a relatively small change in relation to the holdings themselves which exceeded \$1 billion at the end of the period. Borrowings from non-residents by finance companies and non-resident holdings of commercial paper together produced about \$28 million of capital in the quarter.

While each of these groups of transactions led to inflows, the category "all other transactions including changes in loans and accounts receivable and payable" showed an outflow for the first time since the first quarter of 1960 (when, however, the circumstances were quite different as the capital inflow in long-term forms at that time exceeded the current account deficit). The item includes in addition to commercial and financial balances some extension of short-term credits under guarantee. A substantial cheque float arising from capital transactions contributed to the inflow recorded in the fourth quarter of 1961 and the outflow in the succeeding quarter. As in the case of private and banking holdings of foreign exchange by Canadians, the changes in short-term receivables and payables in the first quarter were only marginal in relation to the amounts outstanding.

QUARTERLY ESTIMATES OF THE CANADIAN

Note: Data for 1961-62 are preliminary and

| | | 1960 | | | |
|----------|--|--------------|--------------|--------------|--------------|
| | | I | II | III | IV |
| A | Current Receipts | | | | |
| 1 | Merchandise exports (adjusted) | 1,281 | 1,321 | 1,398 | 1,392 |
| 3 | Gold production available for export | 44 | 35 | 42 | 41 |
| 4 | Travel expenditures | 36 | 91 | 221 | 72 |
| 5 | Interest and dividends | 34 | 39 | 35 | 65 |
| 6 | Freight and shipping | 102 | 115 | 118 | 107 |
| 7 | Inheritances and immigrants' funds | 18 | 29 | 31 | 24 |
| 11 | All other current receipts | 100 | 107 | 111 | 101 |
| 12 | Total Current Receipts | 1,615 | 1,737 | 1,956 | 1,802 |
| B | Current Payments | | | | |
| 1 | Merchandise imports (adjusted) | 1,324 | 1,508 | 1,316 | 1,392 |
| 4 | Travel expenditures | 119 | 168 | 213 | 127 |
| 5 | Interest and dividends | 145 | 161 | 157 | 190 |
| 6 | Freight and shipping | 114 | 137 | 141 | 141 |
| 7 | Inheritances and emigrants' funds | 38 | 43 | 50 | 50 |
| 9 | Official contributions | 10 | 10 | 17 | 24 |
| 11 | All other current payments | 191 | 187 | 189 | 191 |
| 12 | Total Current Payments | 1,941 | 2,214 | 2,083 | 2,115 |
| | Balance on Merchandise Trade | - 43 | - 187 | + 82 | - |
| | Balance on Other Transactions, excluding B 9 | - 273 | - 280 | - 192 | - 289 |
| | Official Contributions | - 10 | - 10 | - 17 | - 24 |
| C | Current Account Balance | - 326 | - 477 | - 127 | - 313 |
| D | Capital Account | | | | |
| | Direct Investment | | | | |
| 1 | Direct Investment in Canada | + 196 | + 144 | + 168 | + 137 |
| 2 | Direct investment abroad | - 15 | - 25 | - 29 | - 16 |
| | Canadian Securities | | | | |
| 3a | Trade in outstanding bonds and debentures | + 19 | + 15 | - 19 | - 12 |
| 3b | Trade in outstanding common and preference stocks | + 13 | + 24 | + 10 | + 2 |
| 4 | New issues | + 209 | + 146 | + 52 | + 40 |
| 5 | Retirements | - 50 | - 78 | - 32 | - 93 |
| | Foreign Securities | | | | |
| 6 | Trade in outstanding issues | + 7 | - 5 | + 2 | - 24 |
| 7 | New issues | - 2 | - 3 | - 2 | - 11 |
| 8 | Retirements | + 6 | + 3 | + 7 | + 2 |
| | Loans by Government of Canada | | | | |
| 9 | Drawings | - | - | - | - |
| 10,11 | Repayments | - | + 7 | - | + 25 |
| 13 | Subscriptions in gold and U.S. dollars to international financial agencies | - | - | - 1 | - 2 |
| 14 | Change in Canadian dollar holdings of foreigners | - 2 | - 2 | + 45 | + 79 |
| 16 | Change in official holdings of gold and foreign exchange (Increase, minus) | + 11 | + 82 | - 40 | - 14 |
| 17 | Other capital movements | - 66 | + 169 | - 34 | + 200 |
| E | Net Capital Movement | + 326 | + 477 | + 127 | + 313 |

NOTES: Mutual Aid to NATO countries is not included in either current receipts or current payments.

A 1) Merchandise trade statistics are adjusted for use in this statement. Details of these adjustments are shown in the annual reports on B 1) "The Canadian Balance of International Payments".

A 11) This item includes government transactions n.o.p., personal and institutional remittances, miscellaneous income, insurance trans-
B 11) actions, and business services.

BALANCE OF INTERNATIONAL PAYMENTS

data for 1960 are subject to revision.

| 1961 | | | | 1962 | | Annual Totals | | Four quarters ended Mar. 31/62 | |
|-----------------------|-------|-------|-------|-------|--------|---------------|--------|---|-------|
| I | II | III | IV | I | 1959 | 1960 | 1961 | | |
| (millions of dollars) | | | | | | | | | |
| 1,266 | 1,447 | 1,557 | 1,619 | 1,404 | 5,150 | 5,392 | 5,889 | 6,027 | A |
| 41 | 42 | 41 | 38 | 42 | 148 | 162 | 162 | 163 | 1 |
| 38 | 101 | 254 | 80 | 43 | 391 | 420 | 473 | 478 | 3 |
| 36 | 59 | 40 | 74 | 33 | 182 | 173 | 209 | 206 | 4 |
| 102 | 120 | 135 | 129 | 109 | 420 | 442 | 486 | 493 | 5 |
| 19 | 28 | 31 | 25 | 20 | 109 | 102 | 103 | 104 | 6 |
| 103 | 103 | 99 | 98 | 100 | 392 | 419 | 403 | 400 | 7 |
| | | | | | | | | | 11 |
| 1,605 | 1,900 | 2,157 | 2,063 | 1,751 | 6,792 | 7,110 | 725 | 7,871 | 12 |
| | | | | | | | | | |
| 1,260 | 1,478 | 1,419 | 1,559 | 1,418 | 5,572 | 5,540 | 5,716 | 5,874 | B |
| 129 | 170 | 214 | 120 | 141 | 598 | 627 | 633 | 645 | 1 |
| 204 | 174 | 170 | 222 | 180 | 671 | 653 | 770 | 746 | 4 |
| 116 | 142 | 151 | 159 | 126 | 525 | 533 | 568 | 578 | 5 |
| 35 | 43 | 49 | 47 | 39 | 165 | 181 | 174 | 178 | 6 |
| 13 | 8 | 15 | 20 | 6 | 72 | 61 | 56 | 49 | 7 |
| 186 | 200 | 196 | 208 | 204 | 693 | 758 | 790 | 808 | 9 |
| | | | | | | | | | 11 |
| 1,943 | 2,215 | 2,214 | 2,335 | 2,114 | 8,296 | 8,353 | 8,707 | 8,878 | 12 |
| + 6 | - 31 | + 138 | + 60 | - 14 | - 422 | - 148 | + 173 | + 153 | |
| - 331 | - 276 | - 180 | - 312 | - 343 | -1,010 | -1,034 | -1,099 | -1,111 | |
| - 13 | - 8 | - 15 | - 20 | - 6 | - 72 | - 61 | - 56 | - 49 | |
| - 338 | - 315 | - 57 | - 272 | - 363 | -1,504 | -1,243 | - 982 | -1,007 | C |
| | | | | | | | | | |
| + 120 | + 140 | + 75 | + 85 | + 75 | + 550 | + 645 | + 420 | + 375 | D |
| - 40 | - 35 | - 15 | - 20 | - 25 | - 80 | - 85 | - 110 | - 95 | 1 |
| | | | | | | | | | 2 |
| + 31 | + 34 | - 12 | + 10 | - 3 | + 91 | + 3 | + 63 | + 29 | 3a |
| + 13 | + 32 | - | - 5 | - 7 | + 110 | + 49 | + 40 | + 20 | 3b |
| + 90 | + 171 | + 127 | + 104 | + 32 | + 707 | + 447 | + 492 | + 434 | 4 |
| - 69 | - 93 | - 29 | - 101 | - 61 | - 258 | - 253 | - 292 | - 284 | 5 |
| | | | | | | | | | |
| + 3 | - | + 2 | - 10 | - 31 | - 32 | - 20 | - 5 | - 39 | 6 |
| - 5 | - 18 | - 6 | - 5 | - 1 | - 13 | - 18 | - 34 | - 30 | 7 |
| + 2 | + 2 | + 3 | + 2 | + 5 | + 12 | + 18 | + 9 | + 12 | 8 |
| | | | | | | | | | |
| - | - | - | - | - | - 1 | - | - | - | 9 |
| + 3 | + 8 | - | + 27 | + 3 | + 34 | + 32 | + 38 | + 38 | 10,11 |
| | | | | | | | | | |
| - | - | - | - | - | - 59 | - 3 | - | - | 13 |
| - 5 | - 72 | - 1 | + 44 | - 37 | + 13 | + 120 | - 34 | - 66 | 14 |
| | | | | | | | | | |
| - 105 | - 51 | + 62 | - 135 | + 364 | + 70 | + 39 | - 229 | + 240 | 16 |
| + 300 | + 197 | - 149 | + 276 | + 49 | + 360 | + 269 | + 624 | + 373 | 17 |
| | | | | | | | | | |
| + 338 | + 315 | + 57 | + 272 | + 363 | +1,504 | +1,243 | + 982 | +1,007 | E |

NOTES:

D A minus sign indicates an outflow of capital from Canada.

D1,2 Exclusive of undistributed profits.

D17 This item includes mainly short-term capital movements in the form of changes in international open account commercial indebtedness, private and chartered bank holdings of exchange, and loans between private unrelated parties. It also includes the balancing item representing unrecorded capital movements and errors and omissions throughout the accounts.

Exchange rate

United States Dollar in Canada
(Canadian cents)

| <u>Period</u> | | <u>High</u> | <u>Low</u> | <u>Closs</u> | <u>Noon Average</u> |
|---------------|-------|-------------|------------|--------------|-------------------------|
| 1961 | I Q | 99.69 | 98.25 | 98.91 | 98.99 |
| | II Q | 103.53 | 98.59 | 103.50 | 99.42 |
| | III Q | 104.00 | 103.00 | 103.00 | 103.21 |
| | IV Q | 104.37 | 103.00 | 104.34 | 103.61 |
| 1962 | I Q | 105.03 | 104.34 | 105.00 | 104.77 |
| | Jan. | 104.69 | 104.34 | 104.69 | 104.50 |
| | Feb. | 105.03 | 104.72 | 105.03 | 104.88 |
| | Mar. | 105.03 | 104.75 | 105.00 | 104.94 |

Quotations for the United States dollar reported on transactions between banks in the Canadian exchange market are given in the accompanying statement. In the first quarter of 1962 rates for the United States dollar were maintained within a narrow range.

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