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# QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS 

## FIRST QUARTER 1969

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## DOMINION BUREAU OF STATISTICS

Balance of Payments and Financial
Flows Division
Balance of Payments Section

The basic historical record of the Canadian quarterly Balance of Payments with all countries (including bilateral transactions) may be obtained from the following publications.

## Catalogue Number

| 67-505 | "The Canadian Balance of International Payments - A Compendium of Statistics from 1946 to $1965^{\prime \prime}$, for 1946 to 1964 | \$2.50 |
| :---: | :---: | :---: |
| 67-201 | "The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position", for more detailed information | 1.50 |
| 67-001 | "Quarterly Estimates of the Canadian Balance of International Payments, Second Quarter 1967' for 1965 | .50 |
| 67-001 | "Quarterly Estimates of the Canadian Balance of International Payments, Fourth Quarter 1967" for bilateral data for 1965 and 1966 | . 50 |
| 67-001 | "Quarterly Estimates of the Canadian Balance of International Payments, Second Quarter 1968" for revised 1966 and 1967 data ..... | . 50 |

Note: Additional subsidiary detail published regularly may be traced through the successive quarterly reports.

Canada's current account deficit from transactions with the rest of the world widened to $\$ 311$ million in the first quarter of 1969 from $\$ 248$ million in the same period of 1968 . This change reflects a reduced merchandise trade surplus, as imports rose at a faster pace than exports, and an increased deficit on non-merchandise transactions due largely to increased travel payments to nonresidents. Capital movements produced a net inflow of $\$ 274$ million, a swing of over three quarters of a billion dollars from the outflow in the corresponding period of 1968 . In the period under review, long=tem capital inflows were at a high level overshadowing short-term outflows. In the previous year, however, speculation against the Canadian dollar induced aberrations in many accounts so that a short-term capital outflow of $\$ 629$ million was only partially offset by a low long-term capital inflow of $\$ 112$ million. Official net monetary assets fell by $\$ 37$ million in the first quarter of 1969 compared with a drop of $\$ 765$ million in the corresponding period of 1968.

Summary Statement

|  | 1967 | 1968 | 1968 |  |  |  | 1969 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | I Q | II Q | III Q | IV Q | I Q |
|  |  |  | illions | f dolla |  |  |  |
| Merchandise trade balance | $+481$ | + 1,295 | + 231 | + 355 | $+467$ | $+242$ | + 214 |
| Balance on non-merchandise transactions | - 1,024 | - 1,454 | - 479 | - 354 | - 153 | - 468 | - 525 |
| Current account balance ............... | - 543 | - 159 | - 248 | + 1 | + 314 | - 226 | - 311 |
| Capital movements in long-term forms .. | + 1,339 | + 1,544 | + 112 | + 721 | $+392$ | + 319 | + 563 |
| Capital movements in short-term forms | - 778 | - 1,032 | - 629 | - 102 | - 545 | + 244 | - 289 |
| Net capital movement (1) ................ | $+\quad 561$ | + 512 | - 517 | + 619 | - 153 | + 563 | + 274 |
| Official monetary movements (2) ........ | + 18 | + 353 | - 765 | + 620 | $+161$ | +337 | - 37 |

(1) Excluding items in final line.
(2) Change in holdings of monetary gold, foreign exchange and net balance with the International Monetary Fund less reciprocal swap facility with Federal Reserve system.

## Merchandise Trade

The merchandise trade surplus in the first quarter of 1969 stood at $\$ 214$ million, $\$ 17$ million less than that in the first quarter of 1968. With some of the forces which pushed demand for Ganadian goods last year, such as strikes or anticipation of strikes in some basic industries in the United States, being no longer felt and with the growth in the demand for imports following in the wake of the export surge in 1968, imports rose at a higher rate than exports. Exports increased by over 15 per cent to $\$ 3,488$ million but imports rose by over 17 per cent to $\$ 3,274$ million. The year-over-year relative increase in exports was about the same as that in the first quarter of 1968 , but the rate of increase in imports was much higher than that in the first quarter of 1968.

As usual a number of adjustments to the recorded trade totals were required for balance of payments purposes. Net additions amounting to $\$ 20$ million and $\$ 10$ million were made to exports and imports respectively mainly reflecting progress payments in excess of current aircraft deliveries; the effect of these adjustments was to increase the merchandise trade surplus by $\$ 10$ million.

Over one half of the increase of $\$ 469$ million in exports in the first quarter of 1969 over the corresponding period in 1968 took place in the end products groups of commodities which increased by over 26 per cent to about $\$ 1,240 \mathrm{million}$. Within this group of commodities exports of automobiles, other motor vehicles and engines and parts amounting to about $\$ 825$ million increased by over $\$ 230$ million and accounted for nearly 90 per cent of the group increase and for about 50 per cent of the total increase in exports. Commodities within the fabricated materials group which showed relatively large export increases were lumber, woodpulp, and newsprint which rose by a total of $\$ 150$ million; in the

## CURRENT ACCOUNT TRANSACTIONS

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crude materials group, exports of crude petroleum and natural gas increased by over $\$ 17$ million and iron ore, nickel and asbestos by about $\$ 30 \mathrm{million} .\mathrm{Value} \mathrm{of} \mathrm{clearances} \mathrm{of} \mathrm{wheat} \mathrm{to} \mathrm{overseas} \mathrm{markets}$, which in the first quarter of 1968 was about $\$ 24$ million less than in the corresponding 1967 quarter, rose to about $\$ 125$ million in the first quarter of 1969 from just over $\$ 120$ million in the first quarter of 1968 . There were reductions in sales abroad of barley, copper and alloys, agricultural machinery and aircraft engines and parts. Over 90 per cent of the increase in exports went to the United States.

Imports of the end products group of commodities contributed over $\$ 357$ million or about 73 per cent to the increase in total merchandise imports. Imports of fabricated materials increased by about $\$ 100$ million but imports of crude materials fell marginally by about 4 per cent. At over $\$ 194$ million the increase in the reported value of imports of motor vehicle engines and parts accounted for about 40 per cent of the total rise in imports. Other important increases in imports took place in iron, steel, aluminum and copper fabricated materials, machinery and other equipment and tools including measuring and laboratory instruments and electronic computers. There were reduced imports of agricultural machinery, wheel tractors, automobiles and chassis amounting in all to over $\$ 50$ million. Imports of sundry metals in ores, concentrates and scrap fell by about $\$ 13$ million. As in the case of exports, the greater part of the increase in imports, some $\$ 338$ million or about 80 per cent, was attributable to imports from the United States.

Between the first quarter of 1969 and the corresponding period of 1968, average export prices increased by about 4 per cent reflecting in part the increasing cost of labour and financing. Of the major groups of commodities, the fabricated materials group showed the largest increase of about 6 per cent, with the increases in the other major groups ranging between 2 and 3 per cent. Within the fabricated materials group an increase of over 23 per cent was recorded for lumber. Average import prices increased by about 2 per cent over the first quarter of 1968. Prices for the crude materials group increased by over twice this total increase; the prices of the other two major groups namely the fabricated materials and end products moved in line with the general change of import prices.

## Non-Merchandise Transactions

In the first quarter of 1969 the deficit on non-merchandise transactions rose by $\$ 46$ million or about 10 per cent over the corresponding period last year to $\$ 525$ million. The increase of over 7 per cent in total receipts which rose to $\$ 665$ million was more than offset by the increase of over 8 per cent in total payments which rose to $\$ 1,190$ million. The rise of $\$ 46$ million in the deficit was due largely to a climb of $\$ 40$ million in the deficit on travel account which amounted to $\$ 170$ million.

Total receipts from travel increased by about 14 per cent or $\$ 11$ million, but total Canadian travel payments to non-residents increased by about 24 per cent or $\$ 51$ million. Expenditures in the United States rose by 27 per cent to $\$ 200$ million whilst expenditures overseas increased by over 15 per cent to $\$ 52$ million. The number of overseas visitors to Canada increased by 25 per cent to 40,000 . The ratio of the travel deficit to the total deficit on non-merchandise transactions rose from 27 per cent in the first quarter of 1968 to 32 per cent in the first quarter of 1969.

Travel Expenditures

|  | First three months |  |  | Change <br> in 1969 |
| :---: | :---: | :---: | :---: | :---: |
|  | 1967 | 1968 | 1969 |  |
|  | millions of dollars |  |  |  |
| United States: |  |  |  |  |  |
| Receipts ... | 71 | 68 | 80 | + 12 |
| Payments ... | 141 | 157 | 200 | + 43 |
| Balance ... | - 70 | - 89 | - 120 | - 31 |
| Overseas: |  |  |  |  |
| Receipts ... | 11 | 11 | 10 |  |
| payments ... | 54 | 52 | 60 | + 7 |
| Balance .... | - 43 | - 41 | - 50 | - 8 |
| All countries: |  |  |  |  |
| Receipts ... | 82 | 79 | 90 | + 11 |
| Payments .. | 195 | 209 | 260 | + 51 |
| Balance .... | - 113 | - 130 | - 170 | - 40 |

Accompanying the changes which have been taking place in merchandise transactions, freight and shipping payments rose by about 7 per cent to $\$ 214$ million while receipts increased by 5 per cent to $\$ 209$ million. The first quarter deficit on this account rose to $\$ 5$ million. Gold production available for export was lower by $\$ 2$ million than in the corresponding period last year.

The net balance from receipts and payments of interest and dividends remained almost stable, registering a very slight decline of \$l million from $\$ 224$ million in the first quarter of 1968 to $\$ 223$ million in the same quarter of 1969. However, both payments and receipts were higher, the former rising from $\$ 292$ million to $\$ 307$ million and the latter from $\$ 68$ million to $\$ 84$ million. On the payments side, increased interest disbursements of $\$ 20$ million to $\$ 142$ million were partially offset by a $\$ 5$ million decline in dividend payments to $\$ 165$ million.

Interest and Dividends: Payments

| Period |  | Total | Interest | Dividends |
| :---: | :---: | :---: | :---: | :---: |
|  |  | millions of dollars |  |  |
| 1967 |  | 1,190 | 471 | 719 |
| 1968 |  | 1,310 | 549 | 761 |
| 1967 | I Q | 249 | 105 | 144 |
|  | II Q | 272 | 130 | 142 |
|  | III Q | 270 | 106 | 164 |
|  | IV Q | 399 | 130 | 269 |
| 1968 | I Q | 292 | 122 | 170 |
|  | II Q | 315 | 144 | 171 |
|  | III Q | 298 | 123 | 175 |
|  | IV Q | 405 | 160 | 245 |
| 1969 | I Q | 307 | 142 | 165 |

Increased interest costs were due minly to new Canadian bond issues in 1968, particularly those in the United States of provincial governments and corporations and in Europe of provincial govermments. Smaller payments by Canadian subsidfaries to parent companies in the United States were chiefly responsible for the decrease in divvidend outflows. An important element in interrest receipts has been the net income on official holdings of foreign exchange. Dividend receipts on direct investments abroad showed a decline which was partially offset by increased receipts on portfolio investments. The net payments of interest and dividends accounted for about 43 per cent of the deficit on non-merchandise transactions, or about 4 percentage points less than the corresponding proportion for 1968.

Despite a decline of about 15 per cent in numbers, receipts from immigrants increased by about 9 per cent due to higher per capita funds brought in by immigrants from the United States and from the Rest of the Sterling Area.

Balances on Principal Non-merchandise Transactions

|  | First three months |  |  | Change <br> in 1969 |
| :---: | :---: | :---: | :---: | :---: |
|  | 1967 | 1968 | 1969 |  |
|  | millions of dollars |  |  |  |
| Gold production available for export. | + 32 | + 29 | + 27 | - 2 |
| Travel expenditures ..................... | - 127 | - 130 | - 170 | - 40 |
| Interest and dividends | - 179 | - 224 | - 223 | + 1 |
| Freight and shipping | - 6 | - 1 | - 5 | - 4 |
| Inheritances and migrants' funds | + 18 | $+16$ | + 21 | + 5 |
| Official contributions. | - 118 | - 14 | - 16 | - 2 |
| All other current transactions | - 52 | - 155 | - 159 | - 4 |
| Balance on non-merchandise transactions | - 432 | - 479 | - 525 | - 46 |

## Current Transactions in the First Quarter-Seasonally Adjusted

In the first quarter of 1969 the current account deficit, seasonally adjusted at quarterly rates, rose to $\$ 156$ million from a deficit of $\$ 88$ million in the fourth quarter of 1968 . This was the highest quarterly deficit in the last six quarters. The widening of the current account deficit was due to a decline of $\$ 54 \mathrm{million}$ or about 20 per cent in the merchandise trade surplus to $\$ 232 \mathrm{million}$ and a smaller increase of $\$ 14 \mathrm{million}$ in the non-merchandise trade deficit which rose by about 4 per cent to $\$ 388$ million.

After removal of seasonal variations total exports of goods and services increased by almost 5 per cent while total imports of goods and services increased by over 6 per cent from the last quarter of 1968. On the receipts side, while merchandise exports rose by $\$ 188$ million or by over 5 per cent to $\$ 3,766$ million, there was only a smaller advance of about 3 per cent or $\$ 25$ million in the non-merchandise receipts to $\$ 901$ million. There was an expansion of over 7 per cent in the merchandise imports to $\$ 3,534$ million over the fourth quarter of 1968 , seasonally adjusted at quarterly rates. Thus the higher rate of increase in imports which appeared in the fourth quarter of 1968 has been more or less maintained. On the nonmexchandise payments side, total payments rose by $\$ 39$ million to just over 3 per cent above the fourth quarter 1968.

Balances on Current Transactions, Seasonally Adjusted

|  | Merchandise balance | Balance on nonmerchandise transactions | Current account balance (1) |
| :---: | :---: | :---: | :---: |
| millions of dollars |  |  |  |
| 1967 |  |  |  |
| I Q | + 172 | - 306 | - 134 |
| II Q | + 79 | - 265 | - 186 |
| III Q | 63 | - 122 | - 185 |
| IV Q | + 293 | 331 | - 38 |
| Year | + 481 | - 1,024 | - 543 |
| 1968 |  |  |  |
| I Q | + 274 | - 366 | - 92 |
| II Q | + 418 | - 333 | + 85 |
| III Q | + 317 | - 381 | - 64 |
| IV Q | + 286 | 374 | - 88 |
| Year | + 1,295 | - 1,454 | - 159 |

1969
I Q +232 - 388 - 156
(1) Omission of inheritances and migrants' funds yields exports and imports of goods and services as published in the National Accounts (seasonally adjusted at annual rates).
Whe: Details of current account items, seasonally adjusted, may be found on page 17.

Quarterly Current Account Balances

|  | I Q | II Q III Q | IV Q | Year |
| :---: | :---: | :---: | :---: | :---: |
|  |  | millions of | dollar |  |
| United States: |  |  |  |  |
| 1967 | - 582 | $-520+53$ | - 330 | - 1,379 |
| 1968 | - 460 | - $284+133$ | - 324 | - 935 |
| 1969..... | - 451 |  |  |  |
| United Kingdom: |  |  |  |  |
| 1967 | + 125 | $+108+88$ | + 163 | 484 |
| 1968. | + 118 | $+122+108$ | + 91 | + 439 |
| 1969 ....... | + 103 |  |  |  |
| Other countries: |  |  |  |  |
| 1967 | + 123 | $+132+61$ | $+36$ | 352 |
| 1968 | + 94 | $+163+73$ | + 7 | + 337 |
| 1969 ..... | + 37 |  |  |  |
| All countries: |  |  |  |  |
| 1967. | - 334 | $-280+202$ | - 131 | - 543 |
| 1968 | - 248 | $+1+314$ | - 226 | - 159 |
| 1969 ...... | - 311 |  |  |  |

Seasonally adjusted at annual rates, merchandise exports, during the first quarter amounted to $\$ 15,064$ million representing an increase of more than 10 per cent over the 1968 annual total of $\$ 13,597$ million, as against an increase of over 19 per cent between 1968 and 1967. On the other hand, merchandise imports, also seasonally adjusted at annual rates, rose by about 15 per cent to $\$ 14,136$ million over the 1968 merchandise imports total, as against an increase of about 13 per cent from 1967 to 1968 , to yield a merchandise trade surplus of $\$ 928$ million, that is about 28 per cent below the 1968 trade surplus. The deficit on non-merchandise transactions, seasonally adjusted at annual rates, amounted to \$1,552 million representing an increase of about 7 per cent over the 1968 deficit. On this basis the current account deficit for the first quarter of 1969 , seasonally adjusted at annual rates, was $\$ 624$ million, equivalent to about 4 times the deficit for the year 1968.

## Transactions by Areas

In the first quarter of 1969 total receipts from the United States rose by 19 per cent to $\$ 2,897 \mathrm{million}$ and total payments increased by 16 per cent to $\$ 3,348$ million. The current account deficit with the United States thus fell by 2 per cent to $\$ 451$ million. The merchandise trade deficit of $\$ 20$ million with the United States was $\$ 35$ million lower than in the first quarter of 1968. Exports to the United States broadly maintained the rate of increase of the previous year as the United States economy continued to expand at a substantial pace despite the imposition of deflationary fiscal and monetary policies. Exports to the United States increased by over 20 per cent to $\$ 2,478$ million whilst imports from the United States increased by 18 per cent ot $\$ 2,498$ million. The increase of $\$ 423$ million in exports to the United States accounted for over 90 per cent of the total increase in exports, whilst the increase of $\$ 388$ million in imports from the United States accounted for about 80 per cent of the total increase in imports in the first quarter of 1969 over the corresponding period in 1968. The share of the United States in Canadian foreign trade increased by over 3 per cent to 71 per cent in the case of exports but remained unchanged at 76 per cent on imports. About 60 per cent of the increase in exports was contributed by exports of motor vehicles and parts which rose by about $\$ 250$ million or 47 per cent. Over 40 per cent of the increase in imports from the United States was due to increased imports of parts and accessories for motor vehicles which rose to about $\$ 430$ million from about $\$ 260$ million in the first quarter of 1968.

On non-merchandise transactions the def= icit with the United States rose by $\$ 26$ million to $\$ 431$ million. As already indicated, the bulk of the increased deficit on non-merchandise
transactions was due to the travel account where the deficit rose by $\$ 31$ million to $\$ 120$ million. This development resulted from an increase of about $\$ 12 \mathrm{million}$ or 18 per cent in receipts by Canadian resIdents from United States travellers which was more than offset by an increase of $\$ 43$ million or 27 per cent in expenditures by Canadian travellers to United States residents. There was another relatively important increase of $\$ 12$ million or 11 per cent in the deficit on all other transactions, mainly business services. Partly offsetting the increased deficits there was a reduction of $\$ 16$ million in the net interest and dividends payable to United States residents. Payments of interest and dividends increased by $\$ 5$ million but receipts increased by $\$ 21$ million leading to a deficit on this account of $\$ 192$ million, about 8 per cent less than that in the same quarter last year. In addition a decrease took place in the deficit on the inheritances and migrants' funds account.

Canada's Bilateral Accounts with the United States and the Rest of the World


(1) Excluding gold production available for export shown separately below.
(2) Change in holdings of monetary gold, forelgn exchange and net balance with the International Monetary Fund less reciprocal swap facility with Federal Reserve System.

If the credit representing new gold production available for export is excluded, Canada's current account deficit with the United States in the first quarter of 1969 was $\$ 478$ million. Capital flows between the two countries produced a net influx of $\$ 70$ milion as long-term movements led to a net inflow of $\$ 378$ miliion while volatile short-term capital swung to an outflow of $\$ 308 \mathrm{million}$. sum, these transactions with the United States gave rise to net payments by Canada of $\$ 408$ million.

Total receipts from the United Kingdom declined marginally by $\$ 2$ million to $\$ 375$ million and total payments to United Kingdom residents increased by $\$ 13$ milion or 5 per cent to $\$ 272$ million over the first quarter in 1968. Exports declined slightly by about 2 per cent to $\$ 289$ million but imports rose by about 8 per cent to $\$ 172$ million. Thus the merchandise trade surplus with the United Kingdom fell by over 13 per cent to $\$ 117$ million in the quarter under review. This change in part probably reflects measures taken by the United Kingdom goverment to improve its balance of payments position. The United Kingdom share of total Canadian trade has declined by about 13 per cent between the first quarter of 1969 and the same quarter of 1968. Increases in exports amounting in total to about $\$ 17$ million have been recorded for newsprint, woodpulp, nickel ores and alloys and iron ore; these increases
were more than offset by decreases in wheat, lumber, copper and nickel manufactures, aluminum fabrisaced materials and radioactive ores and concentrates. The increase in imports was mainly concentrated in the end products groups of comodities which accounted for about two thirds of the total increase in merchandise imports. About another 30 per cent of the increase came from imports of fabricated materials.

On non-merchandise trade both receipts and payments rose slightly, the former to $\$ 86$ million and the latter to $\$ 100$ million. The deficit fell by $\$ 3$ million to $\$ 14$ million.

The current account surplus with all the other countries including the Rest of the Sterling Area and other OECD countries in Europe moved from $\$ 94$ million in the first quarter of 1968 to $\$ 37$ million in the first quarter of 1969 , primarily due to a reduction by $\$ 58$ million or by over 50 per cent in the surplus with Other Countries (excluding the Rest of the Sterling Area and OECD in Europe). Exports to the other countries fell by 5 per cent and imports rose by over 13 per cent to $\$ 314$ million and $\$ 296$ million respectively. On non-merchandise trade the travel and interest and dividends accounts produced a total rise of $\$ 7$ million in the combined deficits.

There were reductions in exports of motor vehicles, engines and parts to Venezuela, and of wheat to the U.S.S.R., Cuba and Japan. Exports of newsprint, copper, and aluminum fabricated materials to Japan, and aircraft to Brazil increased.

The current account surplus with the Rest of the Sterling Area also decreased by about 22 per cent to $\$ 53$ million. This was due to reductions of $\$ 10$ million and $\$ 5$ million respectively in the merchandise trade and non-merchandise balance. Imports from these countries rose at nearly four times the rate of increase of exports namely by about 24 per cent and 6 per cent respectively. On non-merchandise transactions the increase in receipts of immigrants was more than offset by enlarged deficits on travel and interest and dividends accounts and by an increase in official contributions. Total receipts from this group of countries rose by $\$ 11$ million to $\$ 191$ million but payments increased by \$26 million to $\$ 138$ million.

Total receipts from the other OECD (Europe) group of countries increased by over 22 per cent to $\$ 313$ million; total payments rose by about 14 per cent to $\$ 342$ million. The deficit with these countries was reduced by over 35 per cent to $\$ 29$ million; this change was brought about mainly by the increased merchandise trade surplus which was more than double the 1968 first quarter surplus of $\$ 24$ nillion. The increase in the merchandise trade surplus was however partly offset by an increase of $\$ 12$ million in the non-merchandise deficit which amounted to $\$ 81$ million in the first quarter of 1969.

There were increased exports to France, West Germany, the Netherlands, and Norway. Imports from France, West Germany, Italy, the Netherlands, Spain and Sweden increased. The increase in the deficit on interest and dividends together with the smaller increases in the deficits on travel and on freight and shipping accounted for the whole of the increase in the deficit on non-merchandise transactions, as the lower net receipts from immigrants, were exactly offset by reduced government expenditures.

Total current and capital account receipts by Canada from transactions with the United Kingdom and other overseas countries were at the relatively high level of $\$ 344 \mathrm{million}$. The largest contribution to this total came from long-term capital inflows of $\$ 185$ million, principally to purchase new Canadian bond issues, while a current account surplus and short-term capital inflows accounted for $\$ 140$ million and $\$ 19$ million, respectively.

The $\$ 64$ million difference between the net payments to the United States and the smaller net receipts from overseas countries together with the $\$ 27$ million of gold production available for export are both reflected in the $\$ 37$ million fall in official holdings of monetary gold, foreign exchange and IMF balance.

| Item | 1967 | 1968 | 1968 |  |  |  | 1969 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | I Q | II Q | III Q | IV Q | I Q |
|  | millions of dollars |  |  |  |  |  |  |
| Capital movements in long-term forms | + 1,339 | + 1,544 | + 112 | + 721 | + 392 | + 319 | + 563 |
| Capital movements in short-term forms | 778 | - 1,032 | - 829 | - 102 | - 545 | + 244 | - 289 |
| Balance on goods and services | 543 | - 159 | - 248 | + 1 | + 314 | - 226 | - 311 |
| Official monetary movements(1) ...... | + 18 | + 353 | - 765 | + 620 | $+261$ | $+337$ | - 37 |

(1) Change in holdings of monetary gold, foreign exchange, and net balance with the International Monetary Fund less reciprocal swap facility with Federal Reserve System.

Capital movements in the first quarter of 1969 led on balance to a net capital inflow of $\$ 274$ million, a drop of $\$ 289$ million from the influx of the previous quarter. Capital inflows in long-term forms rose $\$ 244$ million while there was a swing of $\$ 533$ million in short-term movements to an outflow of $\$ 289$ million. Current account transactions, heavily influenced by seasonal factors, recorded a de-
 cline of $\$ 37$ million in official monetary asset.
 quarter 1968 level and overshadowed other movements in the long-term accounts although the flow of capital from abroad for direct investment in Canada, while down from the fourth quarter 1968 level, continued to be significant. The main outflows arose from the retirements of corporate long-term miscellaneous and funded debt, Canadian net purchases of foreign securities and Canadian direct investment abroad. Sales of new issues of Canadian securities are taken into the balance of payments at the time of delivery. In contrast to the previous quarter deliveries were somewhat below offerings. The effect of adjusting actual long-term capital inflows to reflect the timing of security offerings is shown in the accompanying statement.

Capital Movements in Long-term Forms

|  | Period | $\begin{aligned} & \text { Actual } \\ & \text { inflow } \end{aligned}$ | ```Adjusted to reflect timing of security offerings``` |
| :---: | :---: | :---: | :---: |
|  |  | millions of dollars |  |
| 1967 |  | + 1,339 | + 1,587 |
| 1968 |  | + 1,544 | + 2,097 |
| 1967 | I Q | + 277 | + 330 |
|  | II Q | + 256 | + 360 |
|  | III Q | + 301 | + 460 |
|  | IV Q | $+505$ | + 437 |
| 1968 | I Q | + 112 | + 178 |
|  | II Q . | + 721 | + 639 |
|  | III Q | + 392 | + 402 |
|  | IV Q | + 319 | $+\quad 878$ |
| 1969 | I Q | + 563 | + 540 |

Capital movements in short-term forms led to a net outflow of $\$ 289$ million. The principal net outflow was recorded in the "all other transactions" category which includes changes in loans and accounts receivable and payable as well as the balancing item. A significant inflow was occasioned by increased non-resident holdings of Canadian finance company paper.

The net spot holdings of foreign currency assets (excluding gold) of the Canadian chartered banks vis-à-vis non-residents rose on a transaction basis by $\$ 63$ million in the quarter while those with Canadians declined by $\$ 226$ million to produce an overall decrease of $\$ 163 \mathrm{million}$. Claims on residents of the United States and overseas countries rose by $\$ 247 \mathrm{million}$ and $\$ 464 \mathrm{mil}-$ lion respectively while liabilities to these areas increased by $\$ 170$ million and $\$ 478$ million respectively. Foreign currency claims on Canadians were reduced by $\$ 61$ million while liabilities rose by $\$ 165$ million. Thus the net decrease of $\$ 163$ million in foreign currency assets reflects
2. rise in net assets of $\$ 77$ million with residents of the United States and declines of $\$ 14$ million snd $\$ 226$ million with residents of overseas countries and Canada, respectively. These figures cannot be identified separately in the balance of payments presentation in this report but form elements of several of the items.

## Direct Investment

The net capital inflow in long-term forms for direct investment in foreign-controlled enterprises at $\$ 130$ million in the quarter under review was down $\$ 55$ million from the previous quarter. Disinvestment by overseas countries roughly offset inflows from them for new investment so that the total flow reflected net inflows from the United states of the same magnitude. The bulk of this flow was directed to the manufacturing, petroleum and mining industries. over forty per cent of the total influx represented purchases of already existing assets rather than new capital formation.

Canadian direct investment abroad in the first quarter recorded a relatively high outflow of $\$ 50$ million. Geographically, some two-fifths went to the United States and the rest largely to overseas countries other than the United Ringdom. Manufacturing industries abroad received most of the out flow.

## Security Transactions

Transactions in portfolio securities between Canada and other countries during the first quarter of 1969 produced a record high inflow of $\$ 577$ million compared with a $\$ 178$ million inflow for the fourth quarter of 1968 and the previous high of $\$ 487$ million recorded in the second quarter of 1968 . Net sales of Canadian issues moved up sharply to a record $\$ 634$ milion from the $\$ 296$ million recorded in the previous quarter while net purchases of foreign securities continued to decline, falling to $\$ 57$ million versus $\$ 118$ million in the previous quarter.

Portfolio Security Transactions Between Canada and Other Countries

| Het sales ( + ) or purchases (-) by Canadians | Year |  | 1968 |  |  |  | 1969 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1967 | 1968 | I Q | II Q | III Q | IV Q | I Q |
|  | millions of dollars |  |  |  |  |  |  |
| Canadian securities: |  |  |  |  |  |  |  |
| Outstanding - Bonds | - 56 | - 70 | - 53 | - 11 | - 13 | + 7 | + 17 |
| Stocks | + 12 | + 112 | + 15 | + 34 | $+10$ | + 53 | + 37 |
| New issues .............. | $+1,300$ | + 1,961 | $+416$ | $+712$ | $+488$ | $+345$ | + 649 |
| Retirements .............. | - 338 | - 395 | - 126 | - 121 | - 39 | - 109 | - 69 |
| Foreign securities: |  |  |  |  |  |  |  |
| Outstanding issues | - 367 | - 420 | - 73 | - 124 | - 120 | - 103 | - 49 |
| New issues ..... | - 66 | - 70 | - 23 | - 10 | - 14 | - 23 | - 10 |
| Retirements | + 15 | + 26 | + 9 | + 7 | + 2 | + 8 | + 2 |
| Totals, all countries. | + 500 | $+1,144$ | $+165$ | $+487$ | $+314$ | $+178$ | $+577$ |
| United States | + 578 | + 677 | $+143$ | $+235$ | $+147$ | $+152$ | $+338$ |
| United Kingdom | - 61 | - 7 | + 11 | - 12 | + 2 | - 8 | + 17 |
| Other countries ........... | - 17 | + 474 | + 11 | + 264 | $+165$ | + 34 | + 222 |

The value of new Canadian issues delivered during the quarter at $\$ 649$ million was second only to the $\$ 712$ million inflow of the second quarter of 1968 , which, it may be recalled, included the special Government of Canada placements abroad. International floatation of new issues of provincial end provincial guaranteed bonds provided financing at a record high level of $\$ 330$ million during the unarter under review. New corporate bond issues moved up to near record levels at $\$ 175 \mathrm{million}$. Geographically over two thirds of the proceeds of new bond issues came from the united States and slightly over one-quarter from Continental Europe with the trend taward increased placement of Canadian issues in this latter area continuing in the period under review. New issues of canadian common

New Issues of Canadian Bonds Sold to United States Residents

| Period |  | Offer- ings | Deliveries | Unde- <br> livered (1) |
| :---: | :---: | :---: | :---: | :---: |
|  |  | millions of dollars |  |  |
| 1967 |  | 1,448 | 1,200 | 370 |
| 1968 | .... | 1,902 | 1,349 | 923 |
| 1967 | I Q | 348 | 295 | 175 |
|  | II Q | 378 | 274 | 279 |
|  | III Q | 418 | 259 | 438 |
|  | IV Q | 304 | 372 | 370 |
| 1968 | I Q . | 406 | 340 | 436 |
|  | II Q | 350 | 432 | 354 |
|  | III Q | 289 | 279 | 364 |
|  | IV Q | 857 | 298 | 923 |
| 1969 | I Q | 364 | 387 | 900 |

(1) At end of period.
and preference shares were substantial at $\$ 84$ million, exceeding the total for the entire year in 1968. About 85 per cent of the quarterly total was concentrated in three petroleum and natural gas issues. Trading in outstanding Camadian securities again produced a net sales balance during the quarter to about $\$ 54$ million compared with $\$ 60$ million in the fourth quarter of 1968. Geographically there was a $\$ 1$ million net outflow to the United States and inflows of $\$ 12$ million and $\$ 43$ million from the United Kingdom and other foreign countries respectively. Retirements of Canadian securities dropped by $\$ 40$ million from $\$ 109$ million to $\$ 69$ million. Reductions in retirements of Goverment of Canada is sues and of corporate bond issues accounted for the bulk of this decrease. The net capital outflow from transactions in foreign securities at \$57 million in the first quarter fell \$61 million from the fourth quarter 1968 level. Some $\$ 54$ million of this change was due to a drop in the net purchases of outstanding foreign securities from $\$ 103$ million to $\$ 49$ million, mainly United States equities.

## Other Capital Flows in Long-term Forms

Disbursements by the Canadian government under intergovernmental loan programmes totalled \$11 million in the first quarter of 1969 - all under the development loan programe. As in the preceding quarter there were no repayments of the principal on earlier loans. There were also no further subscriptions to internationem abstitutions.

Detail of Long-term Capital Transactions n.i.e. Item D13

(1) Medium and long-term export credits extended from Cumda directly or indirectly at risk of the Government of Canada.

Trsnsactions duriug the quartor arising Erom the Einancing o: medim ind long-tern asport credSts extended from Canada directly or indirectly at the risk of the Government of canada led to a net capital outflow of $\$ 4$ million. This $\$ 16$ million reduction in the outflow from the previous quarter is largely due to declining advances for communist purchases of wheat as well as a reduction in advances to Latin America for the purchase of capital equipment.

The remaining capital movements in long-term forms, which include bank and other long-term loans, mortgage investments and movements of insurance funds, led to a net outflow of $\$ 79 \mathrm{million}$ in the first quarter of 1969 , involving a swing of $\$ 91$ million from the previous quarter inflow of $\$ 12$ million.

## Capital Movements in Short-term Forms

Capital movements in short-term forms swung to a net outflow of $\$ 289$ million in the first quarter from a fourth quarter 1968 inflow of $\$ 244$ million. In this period short-term interest rates, as measured by 3 month treasury bill yields, moved up over 30 basis points to 6.56 per cent at the end of the quarter as the bank rate was increased by $1 / 2$ per cent to 7 per cent in early March. The shortterm differential between Canada and the United States widened in favour of Canada in the quarter as United States treasury bill yields tended to fall. The forward premium on the Canadian dollar pushed the covered yield differential in March to an extremely high 1.19 per cent in favour of Canada.

Non-resident holdings of Canadian dollars fell by $\$ 1$ million in the quarter. This movement comprised decreases of $\$ 11$ million and $\$ 2 \mathrm{million}$ in Canadian dollar deposits and Government of Canada demand liabilities respectively which were almost offset by a $\$ 12$ million increase in non-resident holdings of treasury bills. The expansion of treasury bill holdings of foreign official institutions and private residents of countries other than the United States and the United Kingdom accounted for most of the change in this account.

Composition of "Other Capital Movements"
(A minus sign indicates an outflow of capital from Canada)

(1) Includes changes in loans and accounts receivable and payable, and also balancing item representing difference between direct measurements of current and capital accounts.

On balance Canadian holdings of foreign currency bank balances and other short-term funds abroad (excluding official reserves) fell to produce a net inflow of $\$ 12$ million in the quarter. Net movements through the Canadian banking system which fall into this account were small in total although Canadian holdings of swapped deposits rose in the quarter by about $\$ 125$ million to $\$ 888$ million.

For the first time since the fourth quarter of 1967 non-residents' holdings of Canadian finance company paper (including that of the financing subsidiaries of manufacturing and retail enterprises) increased, rising sharply in the first quarter of 1969 by a record $\$ 155$ million as non-residents appeared to take up virtually all the net increase in finance company paper issued in the quarter. iransactions in other finance company obligations of a short-term nature (which include borrowings from torelgn banks and advances from parent companies) led on balance to a further net inflow of $\$ 23$ million.

In addition, there were, of course, other finance company transactions not identified separately which have been included with capital movements in long-term forms, notably new issues and retirements of Canadian securities. All in all, the international borrowing of these companies in the first quarter of 1969 resulted in an aggregate net inflow of about $\$ 185 \mathrm{million}$.

International transactions in Canadian comercial paper (including bankers' acceptances) led to a net outflow of $\$ 1$ million while transactions in other short-term paper (including notes of banks, mortgage loan companies and municipal and provincial governments) resulted in a net outflow of $\$ 5 \mathrm{mil}$ lion.

All other transactions led to a net capital outflow of $\$ 472 \mathrm{million}$. Among identifiable items decreases in intercompany accounts and short-term bank loans led to net capital outflows. on balance, however, the largest part of the overall outflow represents amounts which have yet to be identified.

## Official Holdings of Monetary Gold and Foreign Exchange.

On March 31, 1969 Canada's official holdings of gold and United States dollars were US $\$ 2,779$ million, a decline of US $\$ 48$ million during the quarter most and of which occured in March. Canada's net balance with the International Monetary Fund increased by US $\$ 15$ million from the fourth quarter 1968 figure of US $\$ 206$ million to the March total of US $\$ 221$ million. This reflected two sales of Canadian dollars by the IMF of US $\$ 6$ million and US $\$ 9$ million.

The quarterly change expressed in Canadian dollars showed a drop in official holdings of monetary gold and foreign exchange (including working balances of sterling) of $\$ 53 \mathrm{million}$. The increase in the IMF balance amounted to $\$ 16$ million. In total these transactions reflect a $\$ 37$ million decrease in Canada's official net monetary assets.

The Canadian dollar showed unusual strength during January but deciined slightly towards the end of the quarter and throughout the period traded above its official par value in terms of the United States dollar.

The following statement provides data on foreign exchange rates and certain reserve items:

| Period | $\underbrace{\text { High }}_{\text {United }}$ | States | $\xrightarrow[\text { Close }]{\text { Clar }}$ | Canada <br> Noon average | Official holdings of monetary gold and United States dollars | Net balance with International Monetary Fund | Reciprocal swap facility with Federal Reserve System |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Canadian cents millions of |  |  |  |  |  |  |  |
| 1968 I Q ..... | 109.00 | 108.09 | 108. 28 | 108.56 | 2,244 | - | - 250 |
| II Q ....... | 108. 25 | 107. 50 | 107.59 | 107.83 | 2,574 | 121 | - 125 |
| III Q ...... | 107.59 | 107.25 | 107.25 | 107.31 | 2,534 | 186 | - |
| IV Q | 107.38 | 107.25 | 107.28 | 107. 29 | 2,827 | 206 | - |
| 1969 I Q ...... | 107.84 | 107.25 | 107.66 | 107.46 | 2,779 | 221 | - |
| January | 107.31 | 107.25 | 107.25 | 107.27 | 2,865 | 212 | - |
| February | 107.72 | 107.25 | 107.59 | 107.44 | 2,820 | 212 | - |
| March | 107.84 | 107.47 | 107.66 | 107.67 | 2,779 | 221 | - |

Note: The total of exchange holdings does not include holdings of the Government of Canada at March 31, 1969 of $\$ 84$ million of medium-term non-marketable securities of the United States Government, acquired in 1964 in connection with the Columbia River Treaty arrangements.

Canada's Accounts with the International Monetary Fund

| Period | Canadian assets |  |  | $\begin{gathered} \text { Canadian liabilities = IMF holdings } \\ \text { of Canadian dollars } \end{gathered}$ |  |  |  |  | $\begin{gathered} \text { Canada's } \\ \text { net } \\ \text { balance } \\ \text { with } \\ \text { IMF(1) } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Transactions |  |  | Transactions |  |  |  | Total <br> liabi- <br> lities |  |
|  | Subs - <br> crip- <br> tion <br> (Quota) | Loans (GAB) | Total assets | Subs -criptions and 1oans | Net drawings of foreign currencies by Canada | Net drawlngs (-) of Canadian dollars by other countries | Other transactions |  |  |
|  |  |  |  | milli | ns of United S | tates dollars |  |  |  |
| 1947-1966 | 740.0 | 50.0 | 790.0 | 605.0 | 54.3 | - 379.3 | 61.5(2) | 341.5 | 448.5 |
| $1967 \ldots$ |  | - 15.0 | 775.0 | - 15.0 |  | 15.1 |  | 341.6 | 433.4 |
| $1968 \ldots$ |  | - 35.0 | 740.0 | - 35.0 | 361.2 | - 131.2 | - 2.8 (3) | 533.8 | 206.2 |
| 1968 I Q |  | - 35.0 | 740.0 | - 35.0 | 426.0 | 7.3 |  | 739.9 | 0.1 |
| II Q |  |  | 740.0 |  |  | - 121.0 |  | 618.9 | 121.1 |
| III Q |  |  | 740.0 |  | - 64.8 |  |  | 554.1 | 185.9 |
| IV Q |  |  | 740.0 |  |  | - 17.5 | - $2.8(3)$ | 533.8 | 206.2 |
| 1969 I Q |  |  | 740.0 |  |  | - 15.0 |  | 518.8 | 221.2 |

(1) This is a cumulative measure of the net resources provided by Canada to the IMF including loans under the General Arrangements to Borrow $(G A B)$. The Canadian dollar equivalent of the change appears as item H2 in the balance of payments statement. Canada's net balance with the IMF, when positive, represents its reserve position in the IMF. This may be drawn by Canada virtually automatically on statement of balance of payments need, but Canada would then be under an obligation to restore its net balance to 25 per cent of its quota which is currently $\$ 740 \mathrm{million}$, i.e. to \$185 million.
(2) Sales of Canadian dollars to IMF for gold.
(3) Dividend payment to Canada.

Note: The statement is expressed in terms of United States dollar equivalents in accordance with the IMF practice. Since members are obligated to maintain the gold value of the IMF's holdings of their currencies, from time to time there have been adjustment payments between the IMF and Canada in Canadian dollars arising from changes in the exchange rate. These transactions are not reflected above because the series are shown in United States dollar equivalents, and do not appear in the balance of payments statements because only the change in Canada's net asset is shown. The adjustment transactions affect the Public Accounts of Canada.

## Revisions

Revised 1966 data for capital account items from D9 to D17 are not yet available.

Sumary of Current Iransactions with the United States, United kingdom, sest of Sterlins Area, Other OECD Countries in Europe and Other Countries, First Quarter 1968 and 1969 and Changes Between the Periods

| First quarter | 1968 | 1969 | Change | 1968 |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |

United Kingdom Rest of Sterling Area


Note: Omission of ftems A7 and B7 for inheritances and migrants' funds in the main balance of payments table at the back of this report yields exports and imports of goods and services as published in the National Accounts.

Exports and Imports of Goods and Services, Seasonally adjusted, 1968-69

millions of dollars

## Receipts

| Merchandise exports (adjusted) | 3,287 | 3,373 | 3,359 | 3,578 | 13,597 | 3,766 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Gold production available for export | 29 | 34 | 39 | 32 | 134 | 27 |
| Travel expenditures | 236 | 266 | 254 | 236 | 992 | 268 |
| Interest and dividends | 75 | 90 | 95 | 79 | 339 | 94 |
| Freight and shipping | 229 | 232 | 227 | 231 | 919 | 238 |
| Inheritances and migrants' funds | 76 | 92 | 106 | 97 | 371 | 83 |
| All other transactions | 184 | 194 | 197 | 201 | 776 | 191 |
| Sub-totals, non-merchandise transactions | 829 | 908 | 918 | 876 | 3,531 | 901 |
| Totals | 4,116 | 4,281 | 4,277 | 4,454 | 17,128 | 4,667 |

## Payments

| Werchandise imports (adjusted) | 3,013 | 2,955 | 3,042 | 3,292 | 12,302 | 3,534 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Cold production available for export | - | - | - | - | - | - |
| Travel expenditures | 236 | 232 | 279 | 253 | 1,000 | 285 |
| Interest and dividends | 313 | 342 | 346 | 309 | 1,310 | 330 |
| Freight and shipping | 238 | 234 | 230 | 239 | 941 | 252 |
| Inheritances and migrants' funds | 51 | 53 | 58 | 58 | 220 | 52 |
| All other transactions (including official contributions) $\qquad$ | 357 | 380 | 386 | 391 | 1,514 | 370 |
| Sub-totals, non-merchandise transactions | 1,195 | 1,241 | 1,299 | 1,250 | 4,985 | 1,289 |
| Totals | 4,208 | 4,196 | 4,341 | 4,542 | 17,287 | 4,823 |

## Balance

| Merchandise trade (adjusted) | + 274 | $+418$ | + 317 | + 286 |  | 1,295 | + 232 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Gold production available for export | + 29 | $+34$ | + 39 | + 32 | + | 134 | + 27 |
| Travel expenditures | - | + 34 | - 25 | - 17 | - | 8 | - 17 |
| Interest and dividends | - 238 | - 252 | - 251 | - 230 | - | 971 | - 236 |
| Freight and shipping | 9 | - 2 | - 3 | 8 | - | 22 | - 14 |
| Inheritances and migrants' funds | + 25 | + 39 | + 48 | $+\quad 39$ | + | 151 | + 31 |
| ```All other transactions (including official contributions)``` | - 173 | - 186 | - 189 | - 190 | - | 738 | - 179 |
| Suh-totals, non-merchandise transactions | - 366 | - 333 | - 381 | - 374 |  | 1,454 | - 388 |
| Current account balances | - 92 | + 85 | - 64 | - 88 | - | 159 | - 156 |

## QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAI, PAYMENTS

Note: Data for 1968 and 1969 are preliminary and data for 1967 are subject to revision.

| No. |  | 1967 |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | I | II | III | IV |
|  |  | millions of dollars |  |  |  |
| A | Current receipts: |  |  |  |  |
| 1 | Merchandise exports (adjusted) | 2,609 | 3,018 | 2,703 | 3,057 |
| 3 | Gold production available for export ............................................ | 32 | 28 | 26 | 26 |
| 4 | Travel expenditures ............................. | 82 | 346 | 708 | 168 |
| 5 | Interest and dividends | 70 | 53 | 61 | 110 |
| 6 | Freight and shipping ......................................................................... | 181 | 216 | 222 | 226 |
| 7 | Inheritances and immigrants' funds..................................................... | 60 | 96 | 106 | 75 |
| 11 | All other current receipts. | 214 | 193 | 202 | 197 |
| 12 | Total current receipts ...ano.an | 3,248 | 3,950 | 4,028 | 3,859 |
| B | Current payments: |  |  |  |  |
| 1 | Merchandise imports (adjusted) .......................................................... | 2,511 | 3,012 | 2,617 | 2,766 |
| 4 | Travel expenditures ............................................................................. | 209 | 230 | 278 | 160 |
| 5 | Interest and dividends | 249 | 272 | 270 | 399 |
| 6 | Freight and shipping ................................................................ | 187 | 232 | 233 | 232 |
| 7 | Inheritances and emigrants' funds .............................................. | 42 | 47 | 65 | 59 |
| 9 | Official contributions | 52 | 80 | 20 | 29 |
| 11 | All other current payments ....................................................... | 332 | 357 | 343 | 345 |
| $12$ | Total current payments | 3,582 | 4,230 | 3,826 | 3,990 |
| c | Current account balance: |  |  |  |  |
| 1 | Merchandise trade | + 98 | + 6 | + 86 | + 291 |
| 2 | Other transactions, excluding B 9 | - 380 | - 206 | + 136 | - 393 |
|  | Official contributions ........................................................ |  | - 80 |  |  |
| 4 | Total | - 334 | - 280 | +202 | - 131 |
| D | Capital account: |  |  |  |  |
|  | Direct investment: |  |  |  |  |
| 1 | Direct investment in Canada | +138 | $+164$ | $+143$ | + 175 |
|  | Direct investment abroad...... | - 30 | - 7 | - 25 | - 28 |
|  | Canadian securities: |  |  |  |  |
| 3.1 | Trade in outstanding bonds and debentures ........................... | - 10 | - 22 | - 10 | - 14 |
| 3.2 | Trade in outstanding common and preference stocks ................ | - 53 | - 17 | + 30 | + 52 |
| $4$ | New issues | + 317 | $+291$ | + 274 | $+418$ |
| 5 | Retirements ......................................................................... | - 58 | - 131 | - 48 | - 101 |
| 6,7,8 | Foreign securities ..................................................... | - 74 | - 70 | - 142 | - 132 |
| 9 | Loans and capital subscriptions by Government of Canada: |  |  |  |  |
| 10 |  | + 11 | $+\quad 2$ | + 1 | $+\quad 20$ |
| 11 | Columbia River Treaty, net ............................................................... | - | - | - | + 44 |
| 13 | Long-term capital transactions n.i.e. Change in Canadian dollar holdings of foreigners: |  |  |  |  |
| 14.1 |  |  |  |  |  |
| 14.2 | Government of Canada demand liabilities ................................. | - 6 | - 7 | - 2 | + 11 |
| 14.3 | Canadian treasury bills ........................................................ | + 15 | + 8 | - 17 | - 2 |
| 17 | Other capital movements ............................................................... | - 13 | + 28 | - 435 | - 382 |
| E | Net capital movement (excluding monetary items shown below) in: |  |  |  |  |
| 1 | Longterm forms (D1 to D13) ........................................... | + 277 | + 256 | + 301 | + 505 |
| 2 | Short-term forms (D14 to D17) ................................................ | + 44 | - 30 | - 447 | - 345 |
| 3 | Total | $+321$ | $+226$ | - 146 | + 160 |
| $\mathrm{H}=\mathbf{C + E}$ | Orficial monetary movements in the form of: |  |  |  |  |
| 1 | Change in official holdirgs of gold and foreign exchange .......... | - 35 | - 37 | + 55 | + 51 |
| 2 | Change in net Intemational Monetary Fund position ..................... | + 22 | - 17 | + 1 | - 22 |
| 3 | Reciprocal swap facility with Federal Reserve System ................ | - | - | - | - |

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. Detalis of these adjustments are shown in
B 1 the annual reports on "The Canadian Balance of International Payments".
A 11 This item includes government transactions n.o.p.. personal and institutionai remittances, miscellaneous income. B 11 Insurance transactions, and business services.

## QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

Note: Data for 1968 and 1969 are preliminary and data for 1967 are subject 10 revision.

| 1968 |  |  |  | 1969 | Annual totals |  | Four quarters ended March 31, 1969 | No. |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| I | II | III | IV | I | 1967 | 1968 |  |  |
| millions of dollars |  |  |  |  |  |  |  | A |
|  |  |  |  |  |  |  |  |  |
| 3,019 29 | 3,541 | 3,351 | 3,686 32 | 3,488 | 11,387 | 13,597 | 14,066 | 1 |
| 29 | 33 |  | 32 | 27 | 112 | 134 | 132 | 3 |
| 79 | 235 | 548 | 130 | 90 | 1,304 | 992 | 1,003 | 4 |
| 68 | 80 | 79 | 112 | 84 | 294 | 339 | 355 | 5 |
| 200 | 236 | 238 | 245 | 209 | 845 | 919 | 928 | 6 |
| 57 | 102 | 128 | 84 | 62 | 337 | 371 | 376 | 7 |
| 187 | 193 | 196 | 200 | 193 | 806 | 776 | 782 | 11 |
| 3,639 | 4,420 | 4,580 | 4,489 | 4,153 | 15,085 | 17,128 | 17,642 | 12 |
|  |  |  |  |  |  |  |  | B |
| 2,788 | 3,186 | 2,884 | 3,444 | 3,274 | 10,906 | 12,302 | 12,788 | 1 |
| 209 | 243 | 375 | 173 | 260 | 877 | 1,000 | 1,051 | 4 |
| 292 | 315 | 298 | 405 | 307 | 1,190 | 1,310 | 1,325 | 5 |
| 201 | 244 | 245 | 251 | 214 | 884 | 941 | 954 | 6 |
| 41 | 48 | 70 | 61 | 41 | 213 | 220 | 220 | 7 |
| 14 | 39 | 51 | 29 | 16 | 181 | 133 | 135 | 9 |
| 342 | 344 | 343 | 352 | 352 | 1,377 | 1,381 | 1,391 | 11 |
| 3,887 | 4,419 | 4,266 | 4,715 | 4,464 | 15,628 | 17,287 | 17,864 | 12 |
|  |  |  |  |  |  |  |  | C |
| + 231 | + 355 | $+467$ | $+242$ | + 214 | + 481 | + 1,295 | + 1,278 | 1 |
| - 465 | - 315 | - 102 | - 439 | - 509 | - 843 | - 1,321 | - 1,365 | 2 |
|  | - 39 | - 51 | - 29 | - 16 | - 181 | - 133 | - 135 | 3 |
| - 248 | + 1 |  |  |  | $\text { - } \quad 543$ | $\text { - } \quad 159$ | - 222 | 4 |
|  |  |  |  |  |  |  |  | D |
| + 10 | + 205 | + 185 | $+185$ | $+130$ | + 620 | + 585 | + 705 | $\begin{aligned} & 1 \\ & 2 \end{aligned}$ |
| - 85 | + 10 | - 15 | - 80 | - 50 | 90 | - 170 | - 135 |  |
| - 53 | - 11 | - 13 | + 7 | +17 | - 56 | - 70 | - | 3.1 |
| + 15 | + 34 | + 10 | + 53 | + 37 | + 12 | + 112 | + 134 | 3.2 |
| $+416$ | + 712 | + 488 | $+345$ | +649 | + 1,300 | + 1,961 | + 2,194 | 4 |
| - 126 | - 121 | - 39 | - 109 | - 69 | - 338 | - 395 | - 338 | 5 |
| - 87 | - 127 | - 132 | - 118 | - 57 | - 418 | - 464 | - 434 | 6,7.8 |
| - 10 | - 8 | - 16 | - 44 | - 11 | - 38 | - 78 | - 79 | 9 |
| + 2 | + 2 | + 1 |  | - | $+\quad 34$ | + 5 | $+\quad 3$ | 10 |
|  |  |  | + 88 | - | + 44 | + 88 | + 88 | 11 |
| $+30$ | + 25 | - 77 | - 8 | - 83 | + 269 | - 30 | - 143 | 13 |
| + 8 | + 4 | $+4$ | +54 | - 11 | + 24 | + 70 | + 51 | 14.1 |
| - 4 | - 3 | $+1$ | + 27 | - 2 | - 4 | + 21 | + 23 | 14.2 |
| + 23 | + 1 | + 11 | + 13 | +12 | + 4 | + 48 | + 37 | 14.3 |
| - 656 | - 104 | - 561 | $+150$ | - 288 | - 802 | - 1,171 | - 803 | 17 |
|  |  |  |  |  |  |  |  | E |
| $+112$ | + 721 | + 392 | + 319 | + 563 | + 1,339 | + 1,544 | + 1,995 | 1 |
| - 629 | - 102 | - 545 | +244 +563 | - 289 | - 778 | - 1,032 | - 692 | 2 |
| - 517 | +619 | - 153 | + 563 | +274 | + 561 | + 512 | + 1,303 | 3 |
|  |  |  |  |  |  |  |  | $\mathbf{H}=\mathbf{C}+\mathbf{E}$ |
| - 23 | + 355 | - 43 | + 315 | - 53 | + 34 | + 604 | + 574 | 1 |
| - 471 | $+130$ | + 70 | + 22 | + 16 | - 16 | - 249 | + 238 | 2 |
| - 271 | $+135$ | $+134$ |  |  | - | 2 | + 269 | 3 |

Soles: D A minus sign indicates an outfow of capital from Canada.
D 1.2 Exclusive of undistributed profits.
D 17 Thts item includes matnty changes in private and chartered bank haldings of exchange, international money market transactons, loans, and changes in open account commercial indebtedness. It also includes the balancing item representing unrecorded capital movements and errors and omissions throughout the accounts.
H 3 A minus sign indicates a recelpt by Canada.

