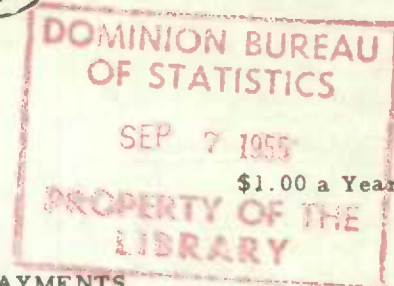


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DOMINION BUREAU OF STATISTICS
OTTAWA - CANADA



Published by Authority of the Rt. Hon. C. D. Howe, Minister of Trade and Commerce

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Vol. 3 No. 2

NE PAS PRÊTER
QUARTERLY ESTIMATES OF

THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

SECOND QUARTER 1955

Canada's transactions in goods and services with other countries resulted in a deficit of \$320 million in the first half of 1955, compared with a deficit of \$365 million in the same period of 1954. The current deficit of \$162 million in the second quarter of 1955 was about the same as that of \$158 million in the first quarter, while both were lower than the current deficits in the comparable quarters of 1953 and 1954. Merchandise exports rose more rapidly than imports from the first half of 1954 to the first half of 1955, with the result that the deficit on trade was reduced by \$92 million to \$34 million. About half of this improvement was offset by an increase of \$47 million to \$286 million in the deficit on invisibles, an increase due mainly to larger net payments on the income and travel accounts. In both the first and second quarters of 1955, relative to the same quarters of 1954, the striking increase in the current surplus with the United Kingdom more than offset the widening of the deficit with the United States and the smaller surplus with other countries.

In evaluating the change in the current deficit from the first half of 1954 to the first half of 1955, two special factors should be noted. A change in statistical procedure raised the import figure for June, 1954 by some \$40 million. Furthermore, there were special non-recurring receipts arising from settlements on defence account of some \$30 million in the second quarter of 1955, most of which was treated as an offset to merchandise imports.

The capital movements which on balance financed Canada's current account deficit of \$320 million in the first half of 1955 were to a considerable extent short-term in nature. While direct investment inflows continued to be substantially inward and there were significant inflows for equity investment of a portfolio nature, there was a heavy outflow of capital as the result of repatriation of Canadian bonds and debentures. A substantial growth in holdings of Canadian dollars by non-residents and other changes in Canada's short-term assets and liabilities abroad financed two-thirds of the net current account deficit in the six-month period. There were marked differences in these short-term movements within the half year. Particularly noteworthy was a substantial movement of interest arbitrage funds to London in the first quarter, a considerable part of which returned in the second. Official holdings of gold and foreign exchange, on the other hand, were reduced sharply in the first quarter, but grew in the second.

Throughout the second quarter of the year the value of the Canadian dollar on the world exchange markets remained remarkably stable. The price of the United States dollar in Canada varied by only 0.78 cents. The average price during the quarter was 98.54 cents. These rates are in contrast to the first quarter during which the United States dollar strengthened from 96.59 to 98.28 cents, and was traded with in a range of 2.59 cents at an average of 97.60 cents.

In contrast to most of 1954, total transactions in both merchandise trade and other current receipts in the first half of 1955 have considerably exceeded those of one year earlier. The levels of both merchandise trade and invisibles declined late in 1953 and in the first half of 1954, primarily because of the decline in exports of grains and economic adjustments in a number of Canadian industries. The declines in current receipts and payments in the first half of 1954 were balanced, so that the quarterly deficits of \$176 million and \$189 million in this period were not greatly changed from those of the same period of 1953. By the fourth quarter of 1954, current receipts and payments had ceased to fall below the levels of one year earlier. The merchandise trade surpluses of the second half of 1954 exceeded those of the same period of 1953, but a sharp increase in net payments of interest and dividends offset these changes. The result was that the current account deficits in the last half of 1953 and of 1954 were almost unchanged at \$63 million and \$66 million respectively.

The expansion in economic activity in Canada and the United States has been marked in the first half of 1955, while the high levels of economic activity in the United Kingdom and other West European

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countries have continued. In consequence, Canada's international current receipts and payments have considerably exceeded those of the first half of 1954. In the first and second quarters of 1955 export volume exceeded that of the same quarters of 1954 by 12 per cent and 8 per cent respectively, while import volume rose by 6 per cent and 8 per cent in the same comparison. The terms of trade improved moderately in the second quarter of 1955 relative to the same quarter of 1954, the first such improvement in the past two years. As in the last half of 1954, however, the effect on the current account deficit of the more rapid increase in exports than in imports was partly offset by the more rapid increase in other current payments than in other current receipts.

Commodity trade higher in value and volume

The increase in exports and imports reflects a variety of influences. Exports of commodities other than grains rose to a new peak in the first half of the year, while total exports exceeded the first half of both 1953 and 1954. The major factor contributing to this has been the continued expansion of economic activity in the United Kingdom and the sharp recovery of activity in the United States, with strong resulting demands for Canadian raw materials in particular. The existence of new productive capacity in Canadian export industries is making possible some of the rise in industrial materials. Other overseas countries as a group have also increased their purchases of wood products and base metals. While the United Kingdom has also substantially increased purchases of wheat and barley following reductions of stocks in that country, exports of such products to the United States and some overseas countries have fallen. Imports have responded to the renewed expansion in several sectors of the Canadian economy, and were not greatly below the peak levels of 1953 in the first half of the year. Manufacturing production has expanded rapidly in recent months, particularly in the case of durables which had declined in 1954. Personal expenditure has continued at high levels. The cessation of growth in business inventories in 1954, which played an important part in the decline of imports in that year, has given way to some accumulation recently.

Adjusted merchandise exports rose by \$200 million in the first half of 1955 relative to the first half of 1954. The increase was not widely different in the first and second quarters. Adjusted imports exceeded the first half of 1954 by \$108 million; \$70 million of this increase occurred in the second quarter of 1955. The latter increase would have been doubled had it not been for the two special factors noted earlier. Export prices rose moderately from the second quarter of 1954 to that of 1955, while import prices were unchanged. The resulting improvement in the terms of trade was the first in such quarter to quarter comparisons in some time. As already noted above, the increase in export volume has exceeded that in import volume.

The increase in exports in the first half of 1955 was almost wholly accounted for by increased exports to the United States and the United Kingdom. The absolute increase to the United Kingdom was more than that to the United States, while the relative increase was considerably greater. By contrast, imports from the United Kingdom declined in both the first and second quarters while those from the United States and other countries rose. The decline from the United Kingdom was concentrated in June, when the effects of strikes in that country interrupted trade. Compared to the first half of 1954, the deficit in merchandise trade with the United States has remained unchanged, while the sharp increase in the trade surplus with the United Kingdom has much more than offset the decline in the trade surplus with other overseas countries.

The strongest increases in exports, both in the second quarter and first half of 1955 relative to the same periods of 1954, were in wood products, non-ferrous metals, non-metallic minerals, and chemical products. More than three-quarters of the total increase in exports was in the first two groups noted above, which accounted for somewhat over half of total exports in the first half of 1954. Agricultural products, animal products and miscellaneous commodities were each lower in the second quarter of 1955 compared to the same quarter of 1954.

Exports of planks and boards continued to rise very sharply, as in the first quarter of 1955. The major base metals, except lead, also rose in both quarters. Reflecting the operation of relatively new sources of production, exports of iron ore, petroleum and chemicals rose considerably in the second quarter over the levels a year earlier. Exports of wheat, however, were virtually unchanged in the half yearly comparison, a decrease in the second quarter offsetting an increase in the first. Such major exports as other grains, flour, fish and products, and farm machinery and implements were lower in the first half year.

Imports in the first half of 1955 were approaching the peak levels of the first half of 1953. Several of the major import groups, in fact, had considerably exceeded the levels of the first half of 1953. The most notable exception was the iron and steel group, particularly because of a sharp decline in imports of a number of farm implement and machinery items since the first half of 1953.

Compared to the levels of the first half of 1954, the increase in imports in 1955 was widespread. All nine import groups increased in both the second quarter and the first half of 1955 compared to the same periods of 1954. The increases in the half yearly comparison were usually broadly spread

within the various groups of imports, with some notable exceptions such as the declines in imports of coffee and wool products. In the iron and products group, however, some major items such as rolling mill products and some types of farm and non-farm machinery have shown moderate declines; these have been more than offset by increased imports of automobiles and parts particularly and many other industrial materials.

Deficit on invisibles higher in half year

Net payments for current account invisibles in the first half of 1955 were \$286 million. This was \$47 million greater than in the first half of 1954, and considerably in excess of any half year period since the war. Most of this increase in the deficit occurred in the first quarter of 1955, when dividend payments rose sharply; in the second quarter of 1955 the deficit on invisibles was \$8 million greater than in the same quarter of 1954. In both quarters the levels of receipts and payments for non-merchandise transactions were considerably higher than the levels of a year ago.

In three major non-merchandise accounts, the direction of change in the first quarter was continued into the second. In both quarters travel expenditures abroad rose far more than did travel receipts, relative to the levels one year earlier, so that the deficit on this account rose by \$22 million in the half year. The levels of both receipts and payments on travel account were substantially higher than in any earlier first half year. In both quarters receipts of interest and dividends were virtually the same as in the same quarters of 1954. Payments of interest have also stabilized, with substantial retirements and repurchases of outstanding bonds offsetting the effect of new issues. In contrast to the stability of these items, however, dividend payments rose sharply in the first quarter of 1955 and more moderately in the second, widening the deficit on income account in each case. Freight and shipping receipts and payments have risen in both quarters of 1955, primarily reflecting higher levels of trade. In this case receipts have risen more rapidly, and the balances have improved.

In the other non-merchandise accounts, the changes have been small or offsetting. Gold production available for export was almost unchanged in the half year period. The number of immigrants has fallen below the levels of the same period of 1954 but, in response to an easing of restrictions on transfers, funds transferred by immigrants have been maintained. Miscellaneous receipts have continued to rise in the second quarter, while payments were unchanged from the level one year earlier. The stability in the latter is probably temporary, reflecting a special offset to payments to allow for a non-recurring defence receipt.

Current Transactions with Principal Countries and Areas, 1954 and 1955

(Millions of dollars)

	<u>All Countries</u>		<u>United States</u>		<u>United Kingdom</u>		<u>Other Countries</u>	
	1954	1955	1954	1955	1954	1955	1954	1955
<u>Second Quarter</u>								
Exports (adjusted)	993	1,098	595	647	153	201	245	250
Imports (adjusted)	1,068	1,138	767	823	110	99	191	216
Balance on trade	- 75	- 40	- 172	- 176	+ 43	+ 102	+ 54	+ 34
Balance on invisibles	- 114	- 122	- 109	- 114	- 12	- 1	+ 7	- 7
Current account balance	- 189	- 162	- 281	- 290	+ 31	+ 101	+ 61	+ 27
<u>January to June</u>								
Exports (adjusted)	1,865	2,065	1,138	1,227	287	384	440	454
Imports (adjusted)	1,991	2,099	1,446	1,536	206	187	339	376
Balance on trade	- 126	- 34	- 308	- 309	+ 81	+ 197	+ 101	+ 78
Other current receipts	548	594	381	416	72	86	95	92
Other current payments	787	880	591	662	98	100	98	118
Balance on invisibles	- 239	- 286	- 210	- 246	- 26	- 14	- 3	- 26
Current account balance	- 365	- 320	- 518	- 555	+ 55	+ 183	+ 98	+ 52

Transactions by areas

In both the first and second quarters of 1955, relative to the same quarters of 1954, the current account deficit with the United States increased and the surplus with overseas countries other than the United Kingdom declined. In both quarters, however, the increased current surplus with the United Kingdom more than offset these changes.

The increase in adjusted exports and imports with the United States was balanced, with the result that the deficit on trade was almost unchanged in both the second quarter and half yearly comparisons. The deficit on invisibles rose sharply in the first quarter as dividend payments increased rapidly, but the increase in this deficit was slight in the second quarter. Exports to the United States in the first six months of 1955 were considerably higher in the case of most wood products, base metals, asbestos, chemicals, and other industrial materials, but lower in the case of grains. The increase in imports has been widespread.

The sharp increase in exports to the United Kingdom in the first half of 1955 has affected every major group of exports except animal products. About two-thirds of the increase was in agricultural products, particularly wheat and barley. The decline in total imports was concentrated in June, when shipments were interrupted by strikes in the United Kingdom. Earlier in the year, declines were mainly in automobiles and other iron products. Imports of other groups of commodities were generally higher before the strikes than in 1954. The elimination of the deficit on other current transactions in the second quarter reflects both a special non-recurring defence receipt and increased freight receipts.

The moderate nature of the export recovery to other overseas countries in the first half of 1955 conceals a varying pattern by area and by commodity. Exports were higher to other sterling area countries and Western Europe, but lower to other overseas countries because of a sharp drop in exports to Brazil and Japan. While a number of these overseas countries increased their purchases of wood products and base metals, purchases of grains declined - mainly because of lower sales to the two markets just noted. Imports have been rising from these overseas countries, however. The reduced trade surplus in the first half of 1955 has been accompanied by a relatively large increase in net payments for invisibles, primarily because of increased military service expenditures.

Capital movements

It is only under the most extraordinary conditions that the international flows of capital in any period may be ascribed to a single set of dominant forces. The capital movements which, on balance, financed Canada's current account deficit in the second quarter of 1955 were the result of a particularly diverse group of influences not all of which may yet be fully evaluated. Net inflows of capital for direct investment were somewhat higher than in the first quarter when repatriation offset an important part of the gross inflows. Security transactions, on the other hand, led to a substantial net outflow arising from a divergent series of movements. After taking into account also repayments of principal on Canada's loans to overseas governments, transactions in these particular long-term assets and liabilities produced only \$26 million, equivalent to about one-sixth of the current deficit. The balance was covered by changes in Canada's short-term assets and liabilities abroad. Among these were a sharp increase in Canadian dollar holdings by foreigners, and the repatriation from London of a substantial volume of interest arbitrage funds. In the opposite direction was a capital outflow to finance increased official holdings of gold and foreign exchange. Also included was the balancing item which in contrast to most quarters of recent years reflected large capital receipts.

Capital continued to flow into Canada for direct investment in foreign-controlled enterprises. Gross inflows were not quite as large as in the first quarter but the absence of important repatriation led to a somewhat larger net inflow, tentatively placed at \$85 million. The inflow for resource development accounted for about eight-tenths of this amount, but was not as large as in the first quarter; capital received by the petroleum industry rose sharply but not sufficiently to offset the effect of non-recurring receipts in the first quarter by other mining enterprises. About nine-tenths of the net inflow was from the United States in contrast to the preceding quarter when about one-half of the movement was from overseas countries. The net outflow of capital for direct investment abroad was greater than in the first quarter and is tentatively placed at \$10 million.

Transactions in Canadian portfolio securities led to a net capital outflow of \$42 million. This relatively large balance conceals the existence of net sales to non-residents of some \$58 million of outstanding issues of Canadian stocks. This inflow, which exceeded the previous record of \$51 million established in the preceding quarter, includes purchases of Canadian stocks by United States investment funds organized in 1954 and 1955. The share of non-residents in gross sales on the principal exchanges in Canada has continued to be about one-fifth. While stock prices in both Canada and the United States have risen greatly, their course has been roughly parallel. Repatriation of foreign capital through Canadian repurchases of outstanding bonds and debentures continued to be important. Although the net movement was some \$33 million smaller than in the first quarter, it offset all but \$9 million of the receipts from the sales of stock. The total of \$49 million includes net repurchases of issues of each of the debtor classifications for which the Bureau has trading data. Undoubtedly a significant factor in the repatriation was the existence of a relatively narrow margin between interest rates in Canada and the United States. As an

illustration, on several occasions, the spread between yields on comparable government issues maturing in 1968 fell to about one-twentieth of one per cent. Proceeds of new Canadian issues sold abroad during the second quarter totalled only \$18 million; about two-thirds of this amount covered the participation of non-residents in new issues of Canadian stocks. Retirements of foreign-held debt amounted to about \$69 million, much of it representing maturity of funded debt of the national railway system.

Transactions in foreign securities led to a net capital outflow of \$25 million. This included net purchases of \$8 million of outstanding foreign issues, taking the form, on balance, of United Kingdom stocks. These transactions represented the first significant outflow of capital from Canada for portfolio investment in long-term British securities since the war. During the second quarter of the year, Canadians also purchased a number of new issues of foreign securities, leading to a capital outflow of \$17 million. The largest part of this movement reflected the sale in Canada of a \$15 million issue of debentures by the International Bank for Reconstruction and Development.

Canada received principal payments of \$18 million on war and post-war loans to overseas countries. The receipts during the second quarter reduced the total outstanding to about \$1,680 million, compared with \$2,000 million at the end of 1949. There was also an inflow of capital from changes in Canadian dollar holdings of foreigners. These rose by \$38 million in the second quarter, following four previous quarters of increase aggregating \$70 million. The net growth in the quarter was in holdings of United States residents and a significant part of the total represents balances and temporary investments held for the account of investment funds. There was a considerable decline of balances held for United Kingdom residents, roughly offsetting an equivalent increase in the first quarter of the year. Residents of other overseas countries increased their Canadian dollar holdings during the quarter sufficiently to offset the British reduction.

There was an outflow of \$56 million to finance increased holdings of gold and foreign exchange. By the end of June, official holdings of gold and United States dollars amounted to U.S. \$1,930.4 million, or some \$12.2 million below the record month-end holdings reported at the end of 1954.

As has been the case in the second quarter of the two preceding years, there was an abrupt change in the balance of "other capital movements". In the second quarter of 1955, an inflow of \$154 million is shown for this group of transactions, in contrast to an outflow of \$23 million for the first quarter. The largest identified element of the movement in the second quarter was a return of interest arbitrage funds from London. Between December 1954 and March 1955, the combined effect of the differential between treasury bill yields in the United Kingdom and North America, and the cost of forward exchange protection, made attractive the employment in the London market of short-term funds from Canada and the United States. It is estimated that by the end of March, apart from the employment of funds by the banking system, Canadians were holding some \$75 million of these interest arbitrage investments. During the second quarter, although the yield on United Kingdom treasury bills rose somewhat, the cost of exchange protection on swap transactions rose more rapidly, and at the same time the yields on Canadian treasury bills improved. As a consequence, the attraction for Canadians of the London money market weakened, and it is estimated that by the end of June somewhat more than \$25 million of the holdings had been repatriated. Preliminary evidence indicates that there was also a reduction of other holdings of sterling by Canadians. Another substantial inflow included under "other capital movements" was a growth in Canadian dollar holdings of international financial institutions. But when account is taken of these movements, and of a number of smaller transactions of which there is direct evidence, there remains at the present time a large indicated inflow as the balancing item for the second quarter. It is not yet possible to evaluate the significance of this item which covers, inter alia, changes in international open account commercial indebtedness and private holdings of exchange of which only fragmentary data are yet available. For some years now the balancing item in the second quarter has been on the receipts side indicating capital inflows. Any seasonal characteristic towards an inflow would no doubt be reinforced by the heavy growth which occurred in Canadian imports during this period, as a result of which a growth in Canada's outstanding international payables might normally be expected.

QUARTERLY ESTIMATES OF THE CANADIAN

Note: Data for 1955 are preliminary and

		1 9 5 3				1 9 5 4
		I	II	III	IV	I
A	Current Receipts					
1	Merchandise exports (adjusted).....	918	1,113	1,077	1,044	872
3	Gold production available for export	48	37	30	29	35
4	Travel expenditures	26	57	172	47	24
5	Interest and dividends	27	33	24	81	24
6	Freight and shipping.....	66	86	81	85	70
7	Inheritances and immigrants' funds	16	26	26	23	18
11	All other current receipts	69	73	94	83	64
12	Total Current Receipts	1,170	1,425	1,504	1,392	1,107
B	Current Payments					
1	Merchandise imports (adjusted).....	1,002	1,161	1,053	994	923
4	Travel expenditures	68	95	124	78	66
5	Interest and dividends	86	102	83	133	89
6	Freight and shipping.....	69	106	107	92	70
7	Inheritances and emigrants' funds	21	22	23	25	21
9	Official contributions	10	10	3	2	4
11	All other current payments.....	100	123	126	116	110
12	Total Current Payments	1,356	1,619	1,519	1,440	1,283
	Balance on Merchandise Trade	- 84	- 48	+ 24	+ 50	- 51
	Balance on Other Transactions, excluding B 9	- 92	- 136	- 36	- 96	- 121
	Official Contributions.....	- 10	- 10	- 3	- 2	- 4
C	Current Account Balance	- 186	- 194	- 15	- 48	- 176
D	Capital Account					
	Direct Investment					
1	Direct investment in Canada	+ 109	+ 97	+ 106	+ 114	+ 83
2	Direct investment abroad	- 11	- 10	- 11	- 31	- 9
	Canadian Securities					
3	Trade in outstanding issues	+ 10	- 35	- 5	- 1	+ 16
4	New issues.....	+ 129	+ 60	+ 14	+ 132	+ 174
5	Retirements	- 29	- 89	- 9	- 19	- 25
	Foreign Securities					
6	Trade in outstanding issues	+ 2	+ 3	+ 2	+ 15	+ 4
7	New issues.....	- 1	- 2	- 1	- 19	- 2
8	Retirements	+ 1	-	-	-	-
	Loans by Government of Canada					
10	Repayment of post-war loans	+ 2	+ 11	-	+ 24	+ 2
11	Repayment of war loans.....	+ 4	+ 7	+ 39	-	+ 7
14	Change in Canadian dollar holdings of foreigners	+ 44	+ 20	- 71	- 11	- 18
16	Change in official holdings of gold and foreign exchange (increase, minus).....	+ 16	+ 91	- 35	- 34	- 4
17	Other capital movements	- 90	+ 41	- 14	- 122	- 52
E	Net Capital Movement	+ 186	+ 194	+ 15	+ 48	+ 176

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

A 1) As used in the balance of payments, merchandise trade is adjusted to exclude such non-commercial items as settlers' effects and items like tourist purchases which are covered elsewhere in the accounts. Since 1951, furthermore, payments for defence purchases by governments have been substituted for the actual physical movements of the commodities as reported in Customs trade statistics.

A 11) This item includes government transactions (except merchandise trade and interest), personal remittances, miscellaneous income, B 11) insurance transactions, and business services.

BALANCE OF INTERNATIONAL PAYMENTS

data for 1954 are subject to revision.

1 9 5 4			1 9 5 5		Annual Totals			Four Quarters ending		
II	III	IV	I	II	1952	1953	1954	June 30, 1955		
(millions of dollars)										
993	1,002	1,062	967	1,098	4,339	4,152	3,929	4,129	A	
43	39	38	38	39	150	144	155	154	1	
59	170	49	26	66	275	302	302	311	3	
33	23	63	25	34	145	165	143	145	4	
78	82	79	77	89	383	318	309	327	5	
28	24	19	16	29	85	91	89	88	6	
72	81	81	75	80	281	319	298	317	7	
1,306	1,421	1,391	1,224	1,435	5,658	5,491	5,225	5,471	11	
1,068 ^x	941	984	961	1,138	3,850	4,210	3,916	4,024	12	
98	131	87	77	118	341	365	382	413	B	
95	86	161	120	100	413	404	431	467	1	
93	99	93	74	98	375	374	355	364	4	
23	25	25	22	23	94	91	94	95	5	
2	2	3	5	4	16	25	11	14	6	
116	117	124	123	116	405	465	467	480	7	
1,495	1,401	1,477	1,382	1,597	5,494	5,934	5,656	5,857	9	
- 75	+ 61	+ 78	+ 6	- 40	+ 489	- 58	+ 13	+ 105	11	
- 112	- 39	- 161	- 159	- 118	- 309	- 360	- 433	- 477	12	
- 2	- 2	- 3	- 5	- 4	- 16	- 25	- 11	- 14		
- 189	+ 20	- 86	- 158	- 162	+ 164	- 443	- 431	- 386	C	
									D	
+ 88	+ 67	+ 138	+ 75	+ 85	+ 346	+ 426	+ 376	+ 365	1	
- 18	- 28	- 19	- 5	- 10	- 77	- 63	- 74	- 62	2	
+ 21	+ 1	+ 17	- 31	+ 9	- 94	- 31	+ 55	- 4	3	
+ 93	+ 35	+ 24	+ 107	+ 18	+ 316	+ 335	+ 326	+ 184	4	
- 75	- 48	- 54	- 84	- 69	- 89	- 146	- 202	- 255	5	
+ 9	- 1	- 5	+ 13	- 8	+ 12	+ 22	+ 7	- 1	6	
- 26	- 3	- 2	- 5	- 17	- 20	- 23	- 33	- 27	7	
-	-	+ 2	+ 3	-	-	+ 1	+ 2	+ 5	8	
+ 11	+ 3	+ 26	-	+ 10	+ 33	+ 37	+ 42	+ 39	10	
+ 8	+ 7	+ 8	+ 7	+ 8	+ 23	+ 50	+ 30	+ 30	11	
+ 13	+ 10	+ 17	+ 30	+ 38	- 66	- 18	+ 22	+ 95	14	
- 37	- 38	- 45	+ 71	- 56	- 37	+ 38	- 124	- 68	16	
+ 102	- 25	- 21	- 23	+ 154	- 511	- 185	+ 4	+ 85	17	
+ 189	- 20	+ 86	+ 158	+ 162	- 164	+ 443	+ 431	+ 386	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.

x Raised significantly by procedural change (see text, Vol. 2, No. 2.).



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Summary of Capital Movements

	Third Quarter 1954	Fourth Quarter 1954	First Quarter 1955	Second Quarter 1955	First Half 1954	Second Half 1954	First Half 1955
	(Millions of dollars)						
Direct investment in Canada	+ 67	+ 138	+ 75	+ 85	+ 171	+ 205	+ 160
Direct investment abroad	- 28	- 19	- 5	- 10	- 27	- 47	- 15
Canadian securities							
Trade in outstanding stocks	+ 32	+ 47	+ 51	+ 58	+ 42	+ 79	+ 109
Trade in outstanding bonds	- 31	- 30	- 82	- 49	- 5	- 61	- 131
New issues	+ 35	+ 24	+ 107	+ 18	+ 267	+ 59	+ 125
Retirements	- 48	- 54	- 84	- 69	- 100	- 102	- 153
Foreign securities	- 4	- 5	+ 11	- 25	- 15	- 9	- 14
Official loan repayments	+ 10	+ 34	+ 7	+ 18	+ 28	+ 44	+ 25
Canadian dollar holdings of foreigners	+ 10	+ 17	+ 30	+ 38	- 5	+ 27	+ 68
Official holdings of gold and foreign exchange (increase, -)	- 38	- 45	+ 71	- 56	- 41	- 83	+ 15
Other capital movements	- 25	- 21	- 23	+ 154	+ 50	- 46	+ 131
Net capital movement financing current account deficit	- 20	+ 86	+ 158	+ 162	+ 365	+ 66	+ 320