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INTERNATIONAL PAYMENTS BRANCH

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Vol. 10

SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES.

No. 8

August, 1944.

Net sales of securities by Canada to other countries in August were \$8.4 million compared with \$9.7 million in July and \$10.2 million in June. This inflow of capital retained the same general outlines as in preceeding months, sales of bonds being the main source.

Sales of bonds to the United States were distributed among each group of bonds; although sales of Dominion guarantees accounted for almost \$4.0 million of total net sales of Canadian bonds to the United States of \$7.9 million. There was some decline in the volume of trading in Canadian stocks with a small balance of repurchases compared with net sales in the three preceeding months. There was also a slight decline in the volume of trading in United States stocks with an accompanying reduction in the net sales.

Net repurchases of securities from the United Kingdom of \$0.9 million were as usual distributed between Canadian Stocks and bonds

There were net sales of \$0.2 million to other countries.

In the first eight months of 1944 the balance of sales to all countries was \$77.9 million compared with \$134.3 million in the same months of 1943. Reduced sales of Canadian bonds account for most of the decline in capital inflow, net sales of these being \$66.7 million in the eight months of 1944 compared with \$110.5 million in the corresponding months of 1943. Repurchases of Canadian stocks of \$4.6 million in these months of 1944 compare with net sales of \$1.0 million in the eight months of 1943. Sales of United States securities of \$12.3 million in this period of 1944 compare with \$19.6 million in 1943.

Each of the index numbers of common stock prices in Canada and the United States shown in Table 5 declined in August from the highest points for the year reached in July, while the prices of government bonds shown in Table 4 remained relatively stable. The official buying and selling rates for foreign exchange remained at the levels fixed in September, 1939.

The international trade in securities shown by statistics in this bulletin was carried on through the medium of the investment dealers, stock exchanges, banks, Canadian branches of United States houses and other agencies in Canada. It should be noted that certain types of international security transactions are not included in these statistics. Besides some transactions carried on directly outside of Canada independently of the reporting agencies the most important group of security transactions not included are new issues of Canadian securities floated abroad, the redemption of called or matured Canadian bonds owned abroad, and official repatriation operations. For a period of years, retirements of Canadian bonds owned outside of Canada have exceeded flotations of new issues abroad by substantial amounts. Statistics of these capital movements are included in the annual reports of the Canadian Balance of International Payments.  
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SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES

Table 1. (in millions of dollars to nearest hundred thousand)

Year and Month.	Total Transactions			United States			United Kingdom			Other Countries		
	Sales to	Pur-chases from	Net Sales + Purch.-	Sales to	Pur-chases from	Net Sales + Purch.-	Sales to	Pur-chases from	Net Sales + Purch.-	Sales to	Pur-chases from	Net Sales + Purch.-
<u>1942</u>												
TOTAL .....	167.0	61.5	+ 105.5	165.1	56.0	+ 109.1	0.1	4.3	- 4.2	1.8	1.2	+ 0.6
August .....	9.5	3.7	+ 5.8	9.4	3.3	+ 6.1	(1)	0.3	- 0.3	0.1	0.1	-
September ..	10.8	4.0	+ 6.8	10.8	3.7	+ 7.1	(1)	0.3	- 0.3	(1)	(1)	-
October ...	20.2	4.8	+ 15.4	20.1	4.4	+ 15.7	(1)	0.4	- 0.4	0.1	(1)	+ 0.1
November ..	9.5	4.3	+ 5.2	9.4	3.9	+ 5.5	(1)	0.3	- 0.3	0.1	(1)	+ 0.1
December ..	13.5	5.7	+ 7.8	13.3	5.1	+ 8.2	-	0.4	- 0.4	0.3	0.2	+ 0.1
<u>1943</u>												
TOTAL .....	267.9	95.7	+ 172.2	264.0	83.1	+ 180.9	0.1	10.7	-10.6	3.8	1.9	+ 1.9
January ...	19.2	7.9	+ 11.3	18.9	7.4	+ 11.5	(1)	0.5	- 0.5	0.3	(1)	+ 0.3
February ..	22.2	7.2	+ 15.0	21.7	6.6	+ 15.1	(1)	0.5	- 0.5	0.4	0.1	+ 0.3
March .....	25.5	12.1	+ 13.4	25.1	11.1	+ 14.0	(1)	0.7	- 0.7	0.4	0.3	+ 0.1
April .....	28.7	7.5	+ 21.2	28.6	6.9	+ 21.7	(1)	0.4	- 0.4	0.2	0.3	- 0.1
May .....	17.6	7.5	+ 10.1	17.3	6.6	+ 10.7	(1)	0.6	- 0.6	0.2	0.2	-
June .....	35.2	7.3	+ 27.9	34.8	6.1	+ 28.7	(1)	0.9	- 0.9	0.4	0.3	+ 0.1
July .....	31.7	9.7	+ 22.0	31.1	8.2	+ 22.9	(1)	1.2	- 1.2	0.6	0.3	+ 0.3
August .....	20.5	7.3	+ 13.2	20.2	6.2	+ 14.0	(1)	1.0	- 1.0	0.3	0.1	+ 0.2
September ..	10.2	7.6	+ 2.6	9.8	5.3	+ 4.5	(1)	2.2	- 2.2	0.3	0.1	+ 0.2
October ...	27.9	6.8	+ 21.1	27.8	6.0	+ 21.8	(1)	0.7	- 0.7	0.1	0.1	-
November ..	12.1	5.7	+ 6.4	12.0	5.0	+ 7.0	(1)	0.6	- 0.6	0.1	0.1	-
December ..	17.0	9.2	+ 7.8	16.7	7.7	+ 9.0	(1)	1.4	- 1.4	0.3	0.1	+ 0.2
<u>1944</u>												
TOTAL .....	152.8	74.9	+ 77.9	148.3	62.6	+ 85.7	0.4	10.3	- 9.9	4.1	2.0	+ 2.1
January ...	16.6	10.5	+ 6.1	15.7	7.9	+ 7.8	(1)	2.1	- 2.1	0.9	0.5	+ 0.4
February ..	16.1	8.6	+ 7.5	15.6	6.6	+ 9.0	(1)	1.9	- 1.9	0.5	0.1	+ 0.4
March .....	20.4	9.7	+ 10.7	19.3	7.9	+ 11.4	(1)	1.2	- 1.2	1.1	0.6	+ 0.5
April .....	12.9	6.3	+ 6.6	12.8	5.8	+ 7.0	(1)	0.5	- 0.4	0.1	(1)	(1)
May .....	26.9	8.2	+ 18.7	26.5	6.8	+ 19.7	(1)	1.1	- 1.1	0.4	0.3	+ 0.1
June .....	20.5	10.3	+ 10.2	20.4	9.0	+ 11.4	(1)	1.3	- 1.3	0.2	0.1	+ 0.1
July .....	20.8	11.1	+ 9.7	20.0	9.7	+ 10.3	0.3	1.2	- 0.9	0.5	0.2	+ 0.3
August (x) ..	18.5	10.1	+ 8.4	18.0	8.9	+ 9.1	0.1	1.0	- 0.9	0.4	0.2	+ 0.2

(1) Less than 0.05.

(x) Subject to revision.



ANALYSIS OF TRADE IN SECURITIES BETWEEN CANADA AND OTHER COUNTRIES -- AUGUST, 1944.

Table 2.

	Total Sales \$	Total Purchases \$	United States		United Kingdom		Other Countries	
			Sales to \$	Purchases from \$	Sales to \$	Purchases from \$	Sales to \$	Purchases from \$
Bonds & Debentures, Total .....	12,434,341	4,285,259	12,068,695	3,450,213	-	722,810	365,646	112,236
Canadian New Issues .....	-	-	-	-	-	-	-	-
Canadian Outstanding Issues .....								
Dominion .....	1,715,089	708,153	1,409,490	687,893	-	1,906	305,599	18,354
Provincial .....	1,312,246	371,495	1,312,246	103,264	-	268,231	-	-
Municipal .....	1,136,412	448,473	1,136,412	243,523	-	204,950	-	-
Guaranteed by the Dominion.	3,953,745	4,945	3,953,745	4,945	-	-	-	-
Railway, Other .....	850,909	234,568	850,909	225,996	-	8,572	-	-
Other Corporations .....	1,382,131	1,165,853	1,335,074	855,295	-	239,151	47,057	71,407
United States New Issues								
Government .....	-	195,879	-	195,879	-	-	-	-
Other .....	-	6,506	-	6,506	-	-	-	-
United States Outstanding Issues								
Government .....	368,185	703,512	368,185	702,862	-	-	-	650
Other .....	638,597	233,257	638,597	233,257	-	-	-	-
United Kingdom New Issues								
Government .....	-	-	-	-	-	-	-	-
Other .....	-	-	-	-	-	-	-	-
United Kingdom Outstanding Issues								
Government .....	-	-	-	-	-	-	-	-
Other .....	260,120	-	260,120	-	-	-	-	-
Other Countries New Issues .....	-	21,825	-	-	-	-	-	21,825
Other Countries Outstanding Issues	279,965	18,273	266,975	18,273	-	-	12,990	-
Unspecified Bonds & Debentures .	536,942	172,520	536,942	172,520	-	-	-	-
<u>Common &amp; Preference Stocks</u>								
Canadian .....	3,044,394	3,550,512	2,935,384	3,191,055	50,788	296,514	58,222	62,943
United States .....	2,983,072	2,284,841	2,983,072	2,284,841	-	-	-	-
United Kingdom .....	18,385	-	-	-	18,385	-	-	-
Other Countries .....	-	-	-	-	-	-	-	-
Short-Term Securities (1 Year or Less) ...	-	-	-	-	-	-	-	-
<u>Other Securities</u>								
Canadian .....	-	-	-	-	-	-	-	-
United States .....	-	-	-	-	-	-	-	-
United Kingdom .....	-	-	-	-	-	-	-	-
<b>TOTAL .....</b>	<b>18,480,192</b>	<b>10,120,612</b>	<b>17,987,151</b>	<b>8,926,109</b>	<b>69,173</b>	<b>1,019,324</b>	<b>423,868</b>	<b>175,179</b>

**ANALYSIS OF TRADE IN SECURITIES BETWEEN CANADA AND OTHER COUNTRIES -- EIGHT MONTHS ENDING JULY, 1944.**

**Table 2A.**

	Total Sales	Total Purchases	United States		United Kingdom		Other Countries	
			Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
	\$	\$	\$	\$	\$	\$	\$	\$
Bonds & Debentures, Total .....	104,183,079	33,800,827	100,372,044	25,894,723	302,822	6,329,835	3,508,213	1,576,269
Canadian New Issues .....	233,334	-	162,452	-	-	-	70,882	-
Canadian Outstanding Issues								
Dominion .....	29,665,941	8,761,574	26,869,912	7,920,631	300,558	36,845	2,495,471	804,098
Provincial .....	22,328,204	2,714,576	22,325,414	1,013,967	-	1,685,817	2,790	14,792
Municipal .....	9,369,721	3,553,802	9,368,234	836,345	-	2,699,344	1,487	18,113
Guaranteed by the Dominion.	11,177,402	399,978	11,172,402	330,403	-	708	5,000	68,867
Railway, Other .....	7,711,161	2,883,912	7,595,861	2,518,835	-	212,558	115,300	152,519
Other Corporations .....	9,815,625	5,313,520	9,250,161	3,186,101	-	1,673,177	565,464	454,242
United States New Issues .....								
Government .....	-	268,968	-	268,968	-	-	-	-
Other .....	-	103,486	-	103,486	-	-	-	-
United States Outstanding Issues								
Government .....	3,805,346	4,273,518	3,805,346	4,272,868	-	-	-	650
Other .....	3,240,637	1,948,643	3,240,637	1,946,707	-	-	-	1,936
United Kingdom New Issues								
Government .....	-	-	-	-	-	-	-	-
Other .....	-	1,650	-	1,650	-	-	-	-
United Kingdom Outstanding Issues								
Government .....	116,377	-	114,113	-	2,264	-	-	-
Other .....	775,300	169,589	666,800	164,382	-	5,207	108,500	-
Other Countries New Issues .....	-	51,230	-	17,795	-	11,610	-	21,825
Other Countries Outstanding Issues	1,862,145	445,264	1,718,826	401,468	-	4,569	143,319	39,227
Unspecified Bonds & Debentures .	4,081,886	2,911,117	4,081,886	2,911,117	-	-	-	-
Common & Preference Stocks								
Canadian .....	23,084,238	27,707,511	22,421,325	23,356,700	97,298	3,956,993	565,615	393,818
United States .....	24,786,322	12,941,678	24,769,298	12,916,316	14,643	22,181	2,381	3,181
United Kingdom .....	549,623	62,816	518,244	34,064	31,306	28,752	73	-
Other Countries .....	2,322	1,120	1,048	-	-	-	1,274	1,120
Short-Term Securities (1 Year or Less) ....	251,025	396,006	251,025	394,954	-	1,052	-	-
Other Securities								
Canadian .....	650	5,823	650	5,804	-	-	-	19
United States .....	618	-	618	-	-	-	-	-
United Kingdom .....	-	-	-	-	-	-	-	-
<b>TOTAL .....</b>	<b>152,857,877</b>	<b>74,915,781</b>	<b>148,334,252</b>	<b>62,602,561</b>	<b>446,069</b>	<b>10,338,813</b>	<b>4,077,556</b>	<b>1,974,407</b>



Table 3.

SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES -  
BY NATIONALITY AND CLASS OF SECURITY. (SUMMARY TABLE) AUGUST, 1944.

	Total Sales \$	Total Purchases \$	United States		United Kingdom		Other Countries	
			Sales to \$	Purchases from \$	Sales to \$	Purchases from \$	Sales to \$	Purchases from \$
Canadian Securities, Total .....	13,394,926	6,483,999	12,933,260	5,311,971	50,788	1,019,324	410,878	152,704
Bonds & Debentures .....	10,350,532	2,933,487	9,997,876	2,120,916	-	722,810	352,656	89,761
Common & Preference Stocks ..	3,044,394	3,550,512	2,935,384	3,191,055	50,788	296,514	58,222	62,943
Other Securities .....	-	-	-	-	-	-	-	-
United States Securities, Total.	3,989,854	3,423,995	3,989,854	3,423,345	-	-	-	650
Bonds & Debentures .....	1,006,782	1,139,154	1,006,782	1,138,504	-	-	-	650
Common & Preference Stocks ..	2,983,072	2,284,841	2,983,072	2,284,841	-	-	-	-
Other Securities .....	-	-	-	-	-	-	-	-
United Kingdom Securities, Total	278,505	-	260,120	-	18,385	-	-	-
Bonds & Debentures .....	260,120	-	260,120	-	-	-	-	-
Common & Preference Stocks ..	18,385	-	-	-	18,385	-	-	-
Other Securities .....	-	-	-	-	-	-	-	-
Other Countries Securities, Total	279,965	40,098	266,975	18,273	-	-	12,990	21,825
Bonds & Debentures .....	279,965	40,098	266,975	18,273	-	-	12,990	21,825
Common & Preference Stocks ..	-	-	-	-	-	-	-	-
Other Securities .....	-	-	-	-	-	-	-	-
Short-Term Securities (1 Year or less) ....	-	-	-	-	-	-	-	-
Unspecified Bonds & Debentures .	536,942	172,520	536,942	172,520	-	-	-	-
TOTAL .....	18,480,192	10,120,612	17,987,151	8,926,109	69,173	1,019,324	423,868	175,179

SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES  
BY NATIONALITY AND CLASS OF SECURITY

Table 3A. For the eight months ending August, 1944

	Total Sales \$	Total Purchases \$	United States		United Kingdom		Other Countries	
			Sales to \$	Purchases from \$	Sales to \$	Purchases from \$	Sales to \$	Purchases from \$
Canadian Securities, Total .....	113,386,276	51,340,696	109,166,411	39,168,786	397,856	10,265,442	3,822,009	1,906,468
Bonds & Debentures .....	90,301,388	23,627,362	86,744,436	15,806,282	300,558	6,308,449	3,256,394	1,512,631
Common & Preference Stocks ..	23,084,238	27,707,511	22,421,325	23,356,700	97,298	3,956,993	565,615	393,818
Other Securities .....	650	5,823	650	5,804	-	-	-	19
United States Securities, Total .....	31,832,923	19,536,293	31,815,899	19,508,345	14,643	22,181	2,381	5,767
Bonds & Debentures .....	7,045,983	6,594,615	7,045,983	6,592,029	-	-	-	2,586
Common & Preference Stocks ..	24,786,322	12,941,678	24,769,298	12,916,316	14,643	22,181	2,381	3,181
Other Securities .....	618	-	618	-	-	-	-	-
United Kingdom Securities, Total .....	1,441,300	234,055	1,299,157	200,096	33,570	33,959	108,573	-
Bonds & Debentures .....	891,677	171,239	780,913	166,032	2,264	5,207	108,500	-
Common & Preference Stocks ..	549,623	62,816	518,244	34,064	31,306	28,752	73	-
Other Securities .....	-	-	-	-	-	-	-	-
Other Countries Securities, Total .....	1,864,467	497,614	1,719,874	419,263	-	16,179	144,593	62,172
Bonds & Debentures .....	1,862,145	496,494	1,718,826	419,263	-	16,179	143,319	61,052
Common & Preference Stocks ..	2,322	1,120	1,048	-	-	-	1,274	1,120
Other Securities .....	-	-	-	-	-	-	-	-
Short-Term Securities (1 Year or less.	251,025	396,006	251,025	394,954	-	1,052	-	-
Unspecified Bonds & Debentures .....	4,081,886	2,911,117	4,081,886	2,911,117	-	-	-	-
TOTAL .....	152,857,877	74,915,781	148,334,252	62,602,561	446,069	10,338,813	4,077,556	1,974,407

BID PRICE AND YIELD FOR DOMESTIC GOVERNMENT BONDS IN UNITED KINGDOM,  
UNITED STATES AND CANADA

Table 4.

Date	United Kingdom		United States			Dominion of Canada	
	3½ War Loan Callable on or after Dec. 1, 1952†		3% of Sept. 15, 1955, callable on or after Sept. 15, 1951			3% of June 1, 1955, callable on or after June 1, 1950	
	Price	Yield	Price	Yield	Tax Equiv.x	Price	Yield
<u>1942</u>							
May 13 ..	104.87	2.96	110.47	1.78	2.72	99.50	3.05
June 17 ..	104.91	2.95	110.78	1.73	2.67	99.75	3.02
July 15 ..	105.52	2.88	110.53	1.75	2.69	99.75	3.02
August 16 ..	105.04	2.93	110.28	1.76	2.70	99.50	3.05
September 14 ..	105.03	2.92	110.22	1.76	2.70	99.50	3.05
October 14 ..	105.30	2.92	110.22	1.76	2.70	99.50	3.05
November 18 ..	104.37	2.99	110.25	1.74	2.68	99.50	3.05
December 16 ..	104.24	3.00	110.00	1.76	2.70	99.63	3.04
<u>1943</u>							
January 13 ..	105.03	2.91	110.16	1.73	2.67	99.63	3.04
February 17 ..	104.56	2.96	110.19	1.72	2.66	100.00	3.00
March 17 ..	104.48	2.97	110.06	1.72	2.66	100.13	2.98
April 14 ..	104.35	2.98	110.38	1.67	2.61	100.00	3.00
May 12 ..	103.63	3.06	111.06	1.58	2.52	100.00	3.00
June 16 ..	103.24	3.10	111.50	1.51	2.45	100.13	2.98
July 14 ..	103.53	3.06	112.06	1.43	2.37	100.25	2.96
August 18 ..	102.88	3.14	111.75	1.45	2.39	100.38	2.94
September 15 ..	102.74	3.16	111.72	1.44	2.38	100.38	2.94
October 13 ..	103.53	3.05	111.66	1.44	2.38	100.38	2.94
November 17 ..	103.44	3.06	111.34	1.46	2.40	100.38	2.94
December 15 ..	103.18	3.09	111.03	1.49	2.43	100.50	2.92
<u>1944</u>							
January 19 ..	103.16	3.09	111.06	1.47	2.41	100.88	2.85
February 16 ..	103.14	3.09	111.16	1.44	2.38	101.25	2.78
March 15 ..	102.93	3.11	111.34	1.40	2.34	101.38	2.76
April 19 ..	102.91	3.11	111.31	1.39	2.33	101.25	2.78
May 17 ..	103.33	3.05	111.25	1.38	2.34	101.25	2.77
June 14 ..	103.19	3.07	111.13	1.38	2.34	101.25	2.77
July 19 ..	103.10	3.08	111.19	1.36	2.32	101.25	2.77
August 16 ..	103.02	3.08	111.09	1.35	2.31	101.38	2.74

† All prices are quoted on an "and interest" basis. The price of the United Kingdom War Loan has been adjusted from the "flat" basis on which it is quoted in London.

x Yield on a comparable taxable security which would give an equivalent net return to holders who were subject to income tax at the flat corporation rates. This rate was 16½% to December 31, 1939; 18% to June, 1940; and 20.9% in July, August and September; and 24% in October and thereafter.





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INDEX NUMBERS OF COMMON STOCKS PRICES IN CANADA  
AND THE UNITED STATES

(1935-39=100)

Table 5.

	C A N A D A			United States (402) (Standard & Poor's Corp.) (354 Industrials 20 Railroads 28 Utilities)
	Dominion Bureau of Statistics			
	Investors' Price Index (95) (68 Industrials 19 Utilities 8 Banks)	Mining Stocks		
		Gold Stocks (22)	Composite Mining Index (25)	
<u>1942</u>				
February .....	64.7	45.4	57.5	69.9
March .....	62.3	40.1	51.9	66.0
April .....	61.1	37.5	49.3	63.3
May .....	62.0	39.6	51.7	63.2
June .....	62.8	42.6	53.2	66.1
July .....	62.4	39.3	50.6	68.2
August .....	61.6	38.0	49.4	68.3
September .....	62.6	38.4	49.7	69.4
October .....	65.0	33.3	46.2	74.2
November .....	67.6	40.7	51.6	75.2
December .....	71.3	44.7	54.7	74.7
<u>1943</u>				
January .....	76.3	50.1	60.0	79.7
February .....	78.7	52.0	61.5	84.8
March .....	79.1	55.6	65.0	88.2
April .....	82.6	59.0	68.6	91.3
May .....	83.7	56.6	66.9	95.2
June .....	86.3	59.1	68.4	96.7
July .....	91.0	62.8	71.5	98.5
August .....	88.9	66.4	75.1	94.4
September .....	89.3	71.9	79.2	95.6
October .....	86.4	68.5	77.2	94.8
November .....	79.6	65.9	72.9	91.4
December .....	80.5	68.5	74.9	91.8
<u>1944</u>				
January .....	81.5	72.2	78.5	94.6
February .....	82.0	71.3	77.5	94.4
March .....	81.5	70.1	76.0	96.6
April .....	79.3	70.4	78.0	95.1
May .....	79.9	69.2	77.5	97.2
June .....	83.7	74.1	82.2	101.5
July .....	87.5	80.0	87.3	104.3
August .....	86.8	78.4	85.3	102.7