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SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES

Trade in outstanding securities between Canada and other countries during July resulted in a purchase balance or capital export of \$9.8 million. The volume of trading was heavy and the turnover reached nearly \$225 million, only slightly below the record established in the preceding month.

Transactions with the United States led to a net capital export of \$11.2 million in July. There continued to be substantial net sales of Canadian common and preference stocks to residents of the United States, although the balance of nearly \$10 million was only half the very large inflow recorded in June. Net repurchases of other Canadian securities, however, amounted to \$25 million. There have been net repurchases from the United States of outstanding Canadian bonds and debentures in 48 of the past 52 months. While repatriation occurred during July in each of the debtor classifications, the major part of the outflow occurred in respect of issues of Provincial governments and of Government of Canada direct and guaranteed issues. On balance, Canadians sold foreign securities to United States residents in July. The net proceeds of \$4 million reflected mainly sales of United States stocks. These transactions brought the net movement with the United States for the seven months ending July to \$44 million. Canadians have, on balance, sold \$90 million of Canadian stocks and \$18 million of foreign securities, but have repurchased \$153 million of other Canadian securities.

The balance of security trading with the United Kingdom led to a capital inflow of \$4.5 million. Canadians were net sellers of \$5.6 million of Canadian securities, mainly common and preference stocks, but were net purchasers of \$1.1 million of United Kingdom stocks. Sales of Canadian stocks have been characteristic of transactions with the United Kingdom in most months for many years, and net sales in the first seven months of 1955 amount to \$21 million. Net purchases of United Kingdom stocks, although substantial in comparison with earlier months, were well below the figures for May and June; net purchases for the seven months amount to nearly \$9 million.

Transactions with other overseas countries led to a capital outflow of \$3.0 million in July. There were net sales to non-residents of \$2.4 million Canadian stocks, but these were more than offset by purchases of other securities, mainly Government of Canada issues. For the seven months of the year, there were net sales of \$15 million of Canadian stocks, and net purchases of about \$5 million of Canadian bonds.

As in the preceding three months, there continued to be a net reflux from the United Kingdom of interest arbitrage funds. By the end of March, apart from the employment of funds by the banking system, Canadian holdings of United Kingdom short-term securities had risen to \$75 million. Since that time 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 July \$40 million of the holdings had been repatriated. The underlying transactions in short-term securities are not included in this report.

Statistics in this bulletin cover transactions in outstanding securities reported by investment firms, stock exchanges, and other security dealers in Canada. Not included are sales of new issues and retirements of called or matured securities, security transactions of a short-term character analogous to changes in bank balances, and some transactions by other than reporting agencies. More complete statistics of capital movements will be found in the annual and quarterly reports on The Canadian Balance of International Payments.

Prepared in the Balance of Payments Section, International Trade Division.

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TABLE 1. Sales and Purchases of Securities Between Canada and Other Countries

(Millions of dollars)

Year and Month	Total Transactions			United States			United Kingdom			Other Foreign Countries		
	Sales to	Purchases from	Net sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -
1953 Total (12 months)	494.3	506.2	- 11.9	380.4	442.0	-61.6	53.3	24.0	+29.3	60.6	40.2	+20.4
1954 Total (12 months)	799.5	735.6	+ 63.9	614.7	608.9	+ 5.8	76.8	53.9	+22.9	107.9	72.7	+35.2
1955 Total (7 months).....	684.0	710.9	- 26.9	561.0	605.3	-44.4	54.9	47.5	+ 7.4	68.1	58.1	+10.0
1954 - January	47.4	41.1	+ 6.3	33.7	31.9	+ 1.8	7.1	4.7	+ 2.4	6.5	4.4	+ 2.1
February	53.1	40.4	+ 12.7	40.6	34.1	+ 6.6	6.5	3.3	+ 3.2	6.0	3.1	+ 2.9
March	56.1	54.8	+ 1.3	42.3	42.6	- 0.3	7.4	3.6	+ 3.8	6.5	8.6	- 2.1
April	59.8	52.3	+ 7.5	46.8	43.9	+ 2.9	5.3	2.7	+ 2.6	7.7	5.7	+ 2.0
May	54.3	51.5	+ 2.8	43.7	41.6	+ 2.0	4.6	4.8	- 0.2	6.0	5.1	+ 1.0
June	78.4	57.6	+ 20.9	54.8	44.4	+10.4	6.6	6.4	+ 0.2	17.0	6.7	+10.3
July	72.8	61.2	+ 11.6	46.8	51.0	- 4.3	5.5	3.6	+ 1.9	20.5	6.6	+13.9
August	61.9	69.3	- 7.5	50.8	57.5	- 6.7	5.6	5.7	- 0.2	5.5	6.1	- 0.6
September	60.5	64.5	- 4.0	48.5	55.0	- 6.5	3.9	4.7	- 0.8	8.1	4.8	+ 3.2
October	83.9	76.3	+ 7.7	69.4	68.4	+ 0.9	7.6	3.6	+ 3.9	7.0	4.2	+ 2.8
November	80.0	76.1	+ 3.9	63.7	62.7	+ 1.0	8.6	3.6	+ 4.9	7.8	9.8	- 2.0
December	91.2	90.5	+ 0.7	73.8	75.9	- 2.0	8.2	7.1	+ 1.1	9.2	7.6	+ 1.6
1955 - January	84.2	93.6	- 9.4	69.9	84.7	-14.8	8.4	3.5	+ 4.8	6.0	5.4	+ 0.6
February	88.1	103.3	- 15.2	72.0	92.6	-20.6	8.3	4.0	+ 4.3	7.8	6.7	+ 1.1
March	96.7	90.7	+ 6.1	79.9	73.6	+ 6.3	6.6	6.0	+ 0.6	10.2	11.0	- 0.8
April	99.9	81.6	+ 18.3	85.2	71.5	+13.6	6.3	3.7	+ 2.6	8.4	6.4	+ 2.0
May	90.9	99.1	- 8.3	69.5	82.4	-13.0	7.2	10.2	- 3.0	14.2	6.5	+ 7.7
June	117.1	125.7	- 8.6	97.5	102.2	- 4.7	8.1	14.4	- 6.3	11.5	9.1	+ 2.4
July	107.1	116.9	- 9.8	87.0	98.3	-11.2	10.1	5.6	+ 4.5	10.0	13.0	- 3.0
August												
September												
October												
November												
December												

As above figures are rounded, totals do not necessarily equal the sum of their component parts.

TABLE 2. Summary of Trade in Canadian and Foreign Securities between
Canada and Other Countries
(Millions of dollars)

Year and Month	Net Sales (+) or Purchases (-)							
	Canadian Securities				Foreign Securities			
	Total	United States	United Kingdom	Other Countries	Total	United States	United Kingdom	Other Countries
1953 Total (12 months)	-30.7	-79.4	+27.3	+21.4	+18.8	+17.8	+ 2.0	- 1.0
1954 Total (12 months)	+55.3	- 2.0	+21.0	+36.4	+ 8.6	+ 7.7	+ 1.9	- 1.2
1955 Total (7 months)	-34.3	-62.6	+17.7	+10.7	+ 7.4	+18.3	-10.3	- 0.7
1954 - January	+ 5.0	+ 0.8	+ 2.1	+ 2.1	+ 1.3	+ 1.0	+ 0.3	-
February	+12.9	+ 6.4	+ 3.2	+ 3.3	- 0.3	+ 0.1	-	- 0.4
March	- 2.1	- 3.9	+ 3.6	- 1.9	+ 3.5	+ 3.6	+ 0.2	- 0.3
April	+ 3.4	- 1.9	+ 2.6	+ 2.7	+ 4.2	+ 4.8	-	- 0.6
May	+ 1.8	+ 1.3	- 0.3	+ 0.8	+ 1.0	+ 0.7	+ 0.2	+ 0.1
June	+16.6	+ 6.4	- 0.1	+10.2	+ 4.3	+ 3.9	+ 0.3	+ 0.1
July	+12.9	- 2.5	+ 1.5	+13.8	- 1.3	- 1.8	+ 0.4	+ 0.1
August	-11.0	-10.2	- 0.3	- 0.5	+ 3.6	+ 3.5	+ 0.1	-
September	- 1.3	- 3.5	- 1.0	+ 3.3	- 2.7	- 2.9	+ 0.2	- 0.1
October	+10.0	+ 3.3	+ 3.8	+ 2.9	- 2.4	- 2.4	+ 0.1	- 0.1
November	+ 0.3	- 2.6	+ 4.8	- 2.0	+ 3.6	+ 3.5	+ 0.1	-
December	+ 6.9	+ 4.3	+ 1.0	+ 1.6	- 6.2	- 6.3	+ 0.1	-
1955 - January	-11.8	-16.9	+ 4.7	+ 0.5	+ 2.4	+ 2.2	+ 0.1	+ 0.1
February	-17.9	-23.3	+ 4.1	+ 1.3	+ 2.7	+ 2.7	+ 0.2	- 0.2
March	- 1.5	- 2.0	+ 1.0	- 0.5	+ 7.5	+ 8.3	- 0.4	- 0.3
April	+15.5	+10.5	+ 3.1	+ 2.0	+ 2.7	+ 3.2	- 0.5	-
May	- 5.8	-13.4	+ 0.3	+ 7.3	- 2.5	+ 0.4	- 3.3	+ 0.4
June	- 0.3	- 1.9	- 1.0	+ 2.7	- 8.4	- 2.8	- 5.3	- 0.3
July	-12.6	-15.6	+ 5.6	- 2.6	+ 2.9	+ 4.4	- 1.1	- 0.4
August								
September								
October								
November								
December								

As above figures are rounded, totals do not necessarily equal the sum of their component parts.

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

(Thousands of dollars)

July, 1955	Total Sales	Total Purchases	United States		United Kingdom		Other Foreign Countries	
			Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
Total	107,095	116,857	87,030	98,259	10,051	5,567	10,014	13,031
Canadian Securities, Total	80,096	92,715	60,506	76,089	9,833	4,220	9,757	12,406
Bonds and Debentures	12,845	43,170	8,828	34,562	1,719	1,275	2,298	7,333
Common and Preference Stocks	65,636	48,589	50,559	40,730	7,710	2,829	7,367	5,030
Other Securities	1,615	956	1,119	797	404	116	92	43
Foreign Securities, Total	26,999	24,142	26,524	22,170	218	1,347	257	625
United States Issues:								
Bonds and Debentures	1,036	1,171	898	1,170	18	-	120	1
Common and Preference Stocks	23,874	20,872	23,777	20,561	-	11	97	300
United Kingdom Issues:								
Bonds and Debentures	76	71	-	-	76	71	-	-
Common and Preference Stocks	664	1,501	556	285	108	1,216	-	-
Other Foreign Countries Issues:								
Bonds and Debentures	181	157	141	136	-	-	40	21
Common and Preference Stocks	71	309	71	6	-	-	-	303
All Other Foreign Securities	1,097	61	1,081	12	16	49	-	-
Analysis of Bonds and Debentures								
Canadian Issues:								
Government of Canada - Direct	6,805	21,581	5,476	13,712	999	1,088	330	6,781
Government of Canada - Guaranteed	289	3,491	211	3,469	16	21	62	1
Provincial	2,219	14,505	684	14,391	566	19	969	95
Municipal	281	504	269	469	10	33	2	2
Railway, not guaranteed by Government	305	383	227	324	-	12	78	47
Other Corporations	2,946	2,706	1,961	2,197	128	102	857	407
United States Issues:								
Government	589	1,029	461	1,029	18	-	110	-
Other	447	142	437	141	-	-	10	1
United Kingdom Issues:								
Government	74	6	-	-	74	6	-	-
Other	2	65	-	-	2	65	-	-

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

(Millions of dollars)

Seven months ending July, 1955	Total Sales	Total Purchases	Net Sales + Purch. -	United States			United Kingdom			Other Foreign Countries		
				Sales to	Purchases from	Net Sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -
Total	684.0	710.9	- 26.9	561.0	605.3	- 44.4	54.9	47.5	+ 7.4	68.1	58.1	+ 10.0
Canadian Securities, Total	532.9	567.2	- 34.3	413.6	476.3	- 62.6	52.9	35.2	+17.7	66.4	55.8	+ 10.7
Bonds and Debentures	74.8	238.6	-163.8	53.6	208.2	-154.7	6.2	10.6	- 4.5	15.1	19.7	- 4.6
Common and Preference Stocks	448.3	321.8	+126.5	353.6	263.1	+ 90.4	44.4	23.4	+21.0	50.3	35.2	+ 15.1
Other Securities	9.9	6.9	+ 3.0	6.5	4.9	+ 1.6	2.4	1.2	+ 1.2	1.0	0.8	+ 0.2
Foreign Securities, Total	151.0	143.7	+ 7.4	147.4	129.1	+ 18.3	2.0	12.3	-10.3	1.7	2.3	- 0.7
United States Issues:												
Bonds and Debentures	8.0	7.4	+ 0.6	7.6	6.8	+ 0.8	0.1	-	-	0.3	0.6	- 0.3
Common and Preference Stocks	137.3	118.5	+ 18.8	136.0	116.9	+ 19.1	0.3	0.3	-	1.0	1.3	- 0.4
United Kingdom Issues:												
Bonds and Debentures	0.6	4.1	- 3.5	0.1	1.8	- 1.7	0.4	2.4	- 1.8	-	-	-
Common and Preference Stocks	1.4	10.3	- 9.0	1.0	1.3	- 0.3	0.4	9.1	- 8.7	-	-	-
Other Foreign Countries Issues:												
Bonds and Debentures	0.7	1.8	- 1.1	0.6	1.4	- 0.9	-	0.3	- 0.3	0.1	0.1	-
Common and Preference Stocks	1.2	0.6	+ 0.6	0.9	0.2	+ 0.7	-	-	-	0.3	0.4	-
All Other Foreign Securities	1.9	0.9	+ 1.1	1.2	0.6	+ 0.6	0.7	0.2	+ 0.5	-	-	-
Analysis of Bonds and Debentures												
Canadian Issues:												
Government of Canada - Direct	29.6	102.9	- 73.4	19.0	82.4	- 63.4	3.5	6.6	- 3.1	7.0	13.9	- 6.9
Government of Canada - Guaranteed	2.3	22.8	- 20.5	2.1	22.1	- 20.0	-	0.2	- 0.2	0.2	0.5	- 0.3
Provincial	12.8	61.2	- 48.5	9.7	59.9	- 50.1	1.1	0.7	+ 0.4	1.9	0.7	+ 1.2
Municipal	4.2	12.9	- 8.7	3.9	12.8	- 8.9	0.3	0.1	+ 0.2	-	0.1	- 0.1
Railway, not guaranteed by Government	2.9	3.6	- 0.7	2.5	2.7	- 0.2	0.1	0.3	- 0.2	0.3	0.6	- 0.3
Other Corporations	23.1	35.1	- 12.0	16.3	28.4	- 12.1	1.1	2.7	- 1.6	5.7	4.1	+ 1.6
United States Issues:												
Government	4.0	4.8	- 0.8	3.7	4.8	- 1.1	0.1	-	-	0.2	-	+ 0.2
Other	4.0	2.6	+ 1.4	3.9	2.0	+ 1.9	-	-	-	0.1	0.6	- 0.5
United Kingdom Issues:												
Government	0.5	2.2	- 1.7	0.1	1.7	- 1.7	0.4	0.5	-	-	-	-
Other	0.1	1.9	- 1.8	-	0.1	-	-	1.9	- 1.8	-	-	-

As above figures are rounded, totals do not necessarily equal the sum of their component parts.

**TABLE 5. Sales and Purchases of Canadian Bonds and Debentures and
Canadian Common and Preference Stocks Between Canada and Other Countries**

(Millions of dollars)

Year and Month	Canadian Bonds and Debentures						Canadian Common and Preference Stocks					
	Total Transactions			United States			Total Transactions			United States		
	Sales to	Purchases from	Net Sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -	Sales to	Purchases from	Net Sales + Purch. -
1953 - July	6.0	8.9	- 3.0	2.4	8.3	- 5.9	14.8	15.8	- 1.0	11.7	14.1	- 2.4
August	5.3	5.9	- 0.7	1.7	3.3	- 1.6	16.1	16.1	-	13.1	13.3	- 0.2
September	6.5	8.3	- 1.8	3.4	6.2	- 2.8	16.1	14.8	+ 1.3	12.1	12.3	- 0.2
October	17.3	16.0	+ 1.3	4.8	11.0	- 6.2	17.3	17.7	- 0.4	12.0	14.4	- 2.4
November	14.1	9.2	+ 4.9	8.4	6.8	+ 1.6	18.2	22.3	- 4.1	13.5	18.3	- 4.8
December	10.5	11.4	- 0.9	5.4	10.8	- 5.4	21.3	23.0	- 1.7	16.0	18.8	- 2.9
1954 - January	13.2	13.6	- 0.4	7.1	8.7	- 1.6	23.9	18.7	+ 5.2	17.2	14.9	+ 2.3
February	16.6	12.8	+ 3.8	10.8	10.7	+ 0.1	26.3	17.5	+ 8.7	20.0	14.0	+ 6.0
March	12.9	20.4	- 7.6	6.3	12.5	- 6.3	29.5	22.1	+ 7.3	22.8	18.5	+ 4.3
April	12.9	17.4	- 4.5	8.7	14.1	- 5.4	30.5	23.0	+ 7.4	22.2	19.0	+ 3.2
May	12.3	16.0	- 3.7	10.0	12.0	- 2.0	28.3	22.9	+ 5.3	20.9	17.8	+ 3.1
June	27.6	20.8	+ 6.8	11.8	12.5	- 0.6	32.2	23.7	+ 8.5	26.2	19.2	+ 7.0
July	23.3	23.4	- 0.1	6.0	18.6	-12.6	34.2	21.3	+13.0	26.4	16.3	+10.1
August	11.4	30.9	-19.6	8.2	25.4	-17.1	34.9	26.6	+ 8.3	27.6	20.8	+ 6.8
September	11.3	23.0	-11.7	7.3	19.3	-11.9	38.6	28.0	+10.6	31.1	22.8	+ 8.3
October	33.0	37.3	- 4.2	28.3	34.6	- 6.3	38.0	24.3	+13.7	28.9	19.6	+ 9.3
November	11.2	26.4	-15.1	8.7	20.8	-12.2	43.8	28.7	+15.0	30.9	21.4	+ 9.5
December	17.5	27.9	-10.4	12.8	22.4	- 9.6	50.9	33.1	+17.8	39.4	24.7	+14.6
1955 - January	11.6	35.3	-23.7	9.3	33.0	-23.7	52.9	41.3	+11.6	41.8	35.4	+ 6.4
February	8.3	46.8	-38.5	6.9	44.5	-37.6	59.2	39.0	+20.2	45.4	31.3	+14.1
March	9.6	31.4	-21.8	7.7	25.6	-17.9	60.6	41.0	+19.6	46.4	31.0	+15.4
April	7.6	18.0	-10.4	5.0	16.5	-11.5	69.7	43.9	+25.8	58.3	36.4	+21.9
May	15.7	29.3	-13.6	10.0	26.3	-16.3	55.3	47.8	+ 7.6	41.3	38.4	+ 2.9
June	9.3	34.7	-25.4	5.8	27.8	-22.1	84.9	60.2	+24.7	70.0	49.9	+20.1
July	12.8	43.2	-30.3	8.8	34.6	-25.7	65.6	48.6	+17.0	50.6	40.7	+ 9.8
August												
September												
October												
November												
December												

As above figures are rounded, totals do not necessarily equal the sum of their component parts.

Exchange Rate

(1935-1939 = 100)

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