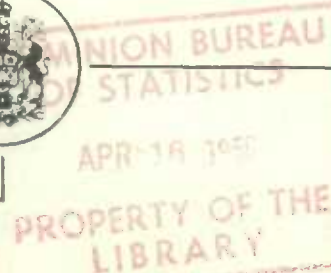


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SALES AND PURCHASES OF SECURITIES

BETWEEN CANADA AND OTHER COUNTRIES

The sales balance from trade in outstanding Canadian securities continued to grow in January, but exceptionally heavy net purchases by Canadians of outstanding foreign securities reduced the net capital inflow to \$5.3 million compared with \$16.6 million in December 1955.

Net sales of outstanding Canadian issues amounted to \$21.5 million, an increase of \$7 million over December. Trading of Government of Canada direct and guaranteed issues and of other Canadian bonds and debentures produced capital inflows of \$19.0 million and \$3.6 million respectively. These figures compared with \$5.3 million and \$4.0 million respectively in December, 1955. Trading in outstanding Canadian common and preference stocks, on the other hand, led to a small purchase balance or capital outflow of \$0.9 million in contrast to the capital inflow of \$5.0 million in the previous month.

The net purchase balance of \$16.2 million arising from trade in outstanding foreign securities was practically all accounted for by net purchases of United States stocks. Contributing to the figure was a substantial participation by Canadian investors in a redistribution of stock of the Ford Motor Company previously held by the Ford Foundation.

The overall capital inflow of \$5.3 million reflected inflows of \$2.1 million and \$4.8 million from the United Kingdom and from other overseas countries, which were offset in part by net outflows of \$1.6 million to the United States. Net sales of outstanding Canadian securities included \$15.0 million to the United States, \$1.8 million to the United Kingdom, and \$4.7 million to other Countries. Net purchases of foreign securities from the United States totalled \$16.6 million, but there were sales of \$0.3 million and \$0.2 million to the United Kingdom and other overseas countries respectively.

The sales balance on account of trade in outstanding Canadian bonds and debentures increased despite a tendency for the differential between interest rates in Canada and the United States to narrow. Near the middle of January Canada $2\frac{3}{4}$ /68 and United States $2\frac{1}{2}$ /68 were yielding 3.29% and 2.84% respectively. The differential of 45 base points compared with 56 base points a month earlier. Stock prices in Canada, as measured by the Bureau's Investor's Price Index were 248.5 compared with 247.6 in December. While Canadian prices rose very slightly, prices of United States stocks fell. Standard and Poor's Composite Stock Index of 322.9 for January compared with 327.0 in December. The noon average price of the United States dollar in Canada in January was 99.87 cents or only 0.08 cents lower than the average for December.

A number of the cumulative tables ordinarily published in this series have been omitted from this report but will appear in February.

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.

Readers of this bulletin will also be interested in an extensive new study which has just been published by the Bureau on the subject of "Canada's International Investment Position, 1926-1954". (Price \$1.00)

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

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

(Thousands of dollars)

January, 1956	Total Sales	Total Purchases	United States		United Kingdom		Other Foreign Countries	
			Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
Total	95,991	90,667	79,588	81,198	6,181	4,098	10,222	5,371
Canadian Securities, Total	80,741	59,256	65,464	50,479	5,684	3,871	9,593	4,906
Bonds and Debentures	29,303	6,744	23,172	5,613	1,073	319	5,058	812
Common and Preference Stocks	50,274	51,177	41,409	43,787	4,450	3,321	4,415	4,069
Other Securities	1,164	1,335	883	1,079	161	231	120	25
Foreign Securities, Total	15,250	31,411	14,124	30,719	497	227	629	465
United States Issues:								
Bonds and Debentures	603	278	589	213	14	-	-	65
Common and Preference Stocks	13,151	30,274	12,946	29,760	173	151	32	363
United Kingdom Issues:								
Bonds and Debentures	38	8	5	-	33	8	-	-
Common and Preference Stocks	276	112	172	45	104	67	-	-
Other Foreign Countries Issues:								
Bonds and Debentures	710	472	150	441	171	1	389	30
Common and Preference Stocks	317	68	109	61	-	-	208	7
All Other Foreign Securities	155	199	153	199	2	-	-	-
Analysis of Bonds and Debentures								
Canadian Issues:								
Government of Canada - Direct	21,223	3,064	16,843	2,516	669	76	3,711	472
Government of Canada - Guaranteed	1,546	685	1,179	667	160	10	207	8
Provincial	2,439	727	1,995	644	220	58	224	25
Municipal	516	631	514	599	-	32	2	-
Railway, not guaranteed by Government	594	333	576	306	2	16	16	11
Other Corporations	2,985	1,304	2,065	881	22	127	898	296
United States Issues:								
Government	146	138	146	138	-	-	-	-
Other	457	140	443	75	14	-	-	65
United Kingdom Issues:								
Government	16	1	-	-	16	1	-	-
Other	22	7	5	-	17	7	-	-