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**SALES AND PURCHASES OF SECURITIES
BETWEEN CANADA AND OTHER COUNTRIES**

Security Transactions - Second Quarter, 1957

Capital inflows into Canada from portfolio security transactions rose by almost one-third to a new peak of \$314 million in the second quarter of 1957 from \$239 million in the first quarter. The net inflow of \$553 million in the first six months compares with \$306 million in the first half of 1956 and \$454 million in the second half, and is much higher than the total in any earlier complete year. About one-quarter of the total inflows from portfolio security transactions in the first half-year were from overseas countries chiefly because of unprecedented overseas demands for Canadian stocks.

The leading source of these inflows in the second quarter from portfolio security transactions was again the borrowing by provincial governments and corporations through the sale of new issues of Canadian securities sold abroad. At \$280 million the new issues abroad reached a new high level. Capital outflows connected with retirement of securities abroad of \$28 million were less than in the previous quarter. Details of the new issues and retirements appear on the final page of this report. The other source of inflow was the sale of outstanding Canadian securities which at \$47 million amounted to slightly more than in the first quarter. And in addition there were inflows from the liquidation of holdings of foreign securities amounting to \$15 million.

The leading feature of the trade in outstanding securities in both quarters of 1957 has been the extent of capital inflows from the United Kingdom and other overseas countries for the acquisition of Canadian stocks. In the six months net sales of Canadian outstanding securities to the United Kingdom were \$72 million and \$69 million of these were net sales of stocks with \$42 million occurring in the second quarter. Net sales of stocks to other foreign countries were \$23 million in the half year, having also risen in the second quarter, in addition to net sales of outstanding bonds of \$13 million. In contrast, transactions in outstanding Canadian securities with the United States led to capital outflows of \$27 million in the same period mainly from repurchases of outstanding Canadian bonds.

Security Transactions between Canada and Other Countries

Net Sales (+) or Purchases (-) by Canadians	1956			1957 p	
	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter
				(Millions of dollars)	
Canadian securities					
Outstanding issues - Stocks	+ 57	+ 78	+ 29	+ 43	+ 48
- Bonds, etc.	- 14	- 8	- 12	- 7	- 1
New issues	+ 181	+ 178	+ 211	+ 260	+ 280
Retirements	- 23	- 24	- 22	- 43	- 28
Foreign securities					
Outstanding issues	+ 10	+ 10	+ 23	- 11	+ 16
New issues	- 5	- 3	- 6	- 4	- 3
Retirements	-	-	-	+ 1	+ 2
Total - all securities	+ 206	+ 231	+ 223	+ 239	+ 314

p - preliminary

Trade in Outstanding Securities - June, 1957

Although substantial in volume, trade in outstanding securities in June was close to equilibrium with net sales of only \$1.3 million. The small balance with all countries was the result of enlarged net repurchases of both outstanding bonds and stocks from the United States which amounted to \$15.7 million. Net sales to the United Kingdom and other overseas countries of \$11.8 million and \$5.3 million respectively were less than in the two previous months but continued to be largely made up of sales of stocks.

Statistics on pages 2 to 7 of 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.
7503-504-67

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. -
1955 Total (12 months)	1150.6	1151.6	- 1.0	939.2	975.4	-36.2	90.3	74.6	+15.8	121.1	101.7	+19.4
1956 Total (12 months)	1309.5	1073.4	+236.1	987.4	922.9	+64.5	151.7	64.9	+86.8	170.4	85.6	+84.8
1957 Total (6 months)	627.3	540.1	+ 87.2	415.7	437.4	-21.7	123.3	51.0	+72.3	88.4	51.7	+36.7
1956 - January	96.0	93.6	+ 2.4	79.6	84.1	- 4.5	6.2	4.1	+ 2.1	10.2	5.4	+ 4.8
February	91.3	73.7	+ 17.6	72.4	62.9	+ 9.5	6.3	3.9	+ 2.3	12.6	6.9	+ 5.7
March	130.7	91.7	+ 39.0	107.2	74.8	+32.4	6.5	6.0	+ 0.6	17.0	11.0	+ 6.1
April	139.3	119.6	+ 19.7	106.7	102.4	+ 4.2	12.6	7.2	+ 5.4	20.1	10.0	+10.1
May	140.6	106.7	+ 33.9	114.6	92.4	+22.2	11.5	4.9	+ 6.6	14.5	9.5	+ 5.0
June	97.1	92.6	+ 4.5	70.7	78.2	- 7.5	14.0	6.7	+ 7.4	12.4	7.7	+ 4.7
July	111.4	84.0	+ 27.4	72.7	72.8	- 0.1	23.4	4.8	+18.6	15.3	6.4	+ 8.9
August	121.9	93.9	+ 28.0	91.5	81.8	+ 9.6	15.9	6.2	+ 9.7	14.5	5.8	+ 8.7
September	94.4	70.8	+ 23.5	66.5	59.5	+ 6.9	16.5	5.7	+10.8	11.4	5.6	+ 5.8
October	104.1	74.2	+ 30.0	74.7	65.5	+ 9.2	15.3	3.4	+12.0	14.1	5.3	+ 8.8
November	94.0	75.2	+ 18.8	67.5	61.0	+ 6.5	11.6	6.4	+ 5.2	14.8	7.9	+ 7.0
December	88.7	97.3	- 8.6	63.4	87.4	-24.0	11.8	5.6	+ 6.2	13.5	4.3	+ 9.2
1957 - January	87.3	81.7	+ 5.5	57.0	69.8	-12.7	18.9	4.9	+14.0	11.3	7.1	+ 4.3
February	84.2	71.8	+ 12.4	56.1	58.8	- 2.6	14.0	6.4	+ 7.6	14.0	6.7	+ 7.4
March	84.4	78.2	+ 6.3	56.6	60.5	- 3.8	15.9	8.5	+ 7.4	11.9	9.2	+ 2.7
April	108.0	86.1	+ 21.9	71.5	69.6	+ 2.0	20.8	7.0	+13.9	15.6	9.5	+ 6.1
May	154.9	115.0	+ 39.8	102.4	91.1	+11.2	31.5	13.9	+17.6	21.0	10.0	+11.0
June	108.6	107.3	+ 1.3	72.0	87.7	-15.7	22.1	10.3	+11.8	14.5	9.2	+ 5.3
July												
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
1955 Total (12 months)	- 19.0	- 63.6	+ 25.5	+ 19.1	+ 18.0	+ 27.4	- 9.7	+ 0.3
1956 Total (12 months)	+207.9	+ 42.0	+ 83.0	+ 82.9	+ 28.2	+ 22.5	+ 3.8	+ 1.9
1957 Total (6 months)	+ 82.1	- 27.2	+ 72.1	+ 37.2	+ 5.1	+ 5.5	+ 0.2	- 0.5
1956 - January	+ 18.6	+ 12.1	+ 1.8	+ 4.7	- 16.2	- 16.6	+ 0.3	+ 0.2
February	+ 22.8	+ 15.0	+ 1.7	+ 6.0	- 5.2	- 5.6	+ 0.6	- 0.3
March	+ 33.4	+ 27.1	+ 0.4	+ 5.9	+ 5.5	+ 5.3	+ 0.1	+ 0.1
April	+ 18.6	+ 3.7	+ 5.0	+ 9.9	+ 1.1	+ 0.6	+ 0.4	+ 0.2
May	+ 30.0	+ 18.2	+ 6.7	+ 5.1	+ 3.8	+ 4.0	- 0.1	- 0.1
June	- 0.9	- 12.1	+ 7.2	+ 4.0	+ 5.4	+ 4.6	+ 0.1	+ 0.7
July	+ 30.4	+ 4.4	+ 17.3	+ 8.8	- 3.0	- 4.5	+ 1.4	+ 0.1
August	+ 18.3	+ 0.3	+ 9.6	+ 8.4	+ 9.7	+ 9.4	+ 0.1	+ 0.2
September	+ 19.8	+ 3.6	+ 10.5	+ 5.8	+ 3.7	+ 3.4	+ 0.2	+ 0.1
October	+ 24.5	+ 4.3	+ 11.7	+ 8.5	+ 5.5	+ 5.0	+ 0.2	+ 0.2
November	+ 11.8	- 0.3	+ 5.0	+ 7.1	+ 7.0	+ 6.9	+ 0.2	- 0.1
December	- 19.4	- 34.1	+ 6.1	+ 8.6	+ 10.8	+ 10.1	+ 0.1	+ 0.6
1957 - January	+ 12.8	- 5.1	+ 13.6	+ 4.4	- 7.3	- 7.6	+ 0.4	- 0.1
February	+ 12.0	- 3.2	+ 7.6	+ 7.6	+ 0.4	+ 0.6	-	- 0.2
March	+ 10.7	+ 0.5	+ 7.1	+ 3.0	- 4.5	- 4.4	+ 0.2	- 0.3
April	+ 18.6	- 0.9	+ 13.6	+ 5.9	+ 3.3	+ 2.9	+ 0.3	+ 0.1
May	+ 25.9	- 3.1	+ 18.2	+ 10.8	+ 13.9	+ 14.4	- 0.5	+ 0.1
June	+ 2.1	- 15.4	+ 12.0	+ 5.4	- 0.8	- 0.4	- 0.3	- 0.1
July								
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)

June, 1957	Total Sales	Total Purchases	United States		United Kingdom		Other Foreign Countries	
			Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
Total	108,596	107,265	71,966	87,701	22,088	10,319	14,542	9,245
Canadian Securities, Total	90,823	88,732	55,495	70,847	20,929	8,907	14,399	8,978
Bonds and Debentures	15,366	21,737	10,403	18,331	1,768	1,352	3,195	2,054
Common and Preference Stocks	72,845	65,113	42,957	50,868	18,807	7,424	11,081	6,821
Other Securities	2,612	1,882	2,135	1,648	354	131	123	103
Foreign Securities, Total	17,773	18,533	16,471	16,854	1,159	1,412	143	267
United States Issues:								
Bonds and Debentures	892	904	840	904	46	-	6	-
Common and Preference Stocks	15,166	15,999	14,994	15,736	35	-	137	263
United Kingdom Issues:								
Bonds and Debentures	146	6	88	2	58	4	-	-
Common and Preference Stocks	1,061	1,291	47	54	1,014	1,236	-	1
Other Foreign Countries Issues:								
Bonds and Debentures	40	164	40	158	-	6	-	-
Common and Preference Stocks	188	169	182	-	6	166	-	3
All Other Foreign Securities	280	-	280	-	-	-	-	-
Analysis of Bonds and Debentures								
Canadian Issues:								
Government of Canada - Direct	8,248	4,615	7,072	3,728	695	308	481	579
Government of Canada - Guaranteed	52	1,764	45	1,754	1	10	6	-
Provincial	653	8,284	191	7,956	88	19	374	309
Municipal	528	175	374	112	148	6	6	57
Railway, not guaranteed by Government	500	476	343	325	27	145	130	6
Other Corporations	5,385	6,423	2,378	4,456	809	864	2,198	1,103
United States Issues:								
Government	279	235	279	235	-	-	-	-
Other	613	669	561	669	46	-	6	-
United Kingdom Issues:								
Government	46	3	-	2	46	1	-	-
Other	100	3	88	-	12	3	-	-

TABLE 4. Trade in Outstanding Securities Between Canada and Other Countries
(Millions of dollars)

Six months ending June, 1957	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	627.3	540.1	+87.2	415.7	437.4	-21.7	123.3	51.0	+72.3	88.4	51.7	+36.7
Canadian Securities, Total	527.8	445.7	+82.1	324.7	351.9	-27.2	117.2	45.1	+72.1	85.8	48.7	+37.2
Bonds and Debentures	95.7	106.2	-10.5	51.2	75.5	-24.3	17.1	16.3	+ 0.9	27.4	14.5	+12.9
Common and Preference Stocks	422.7	331.7	+91.1	267.8	269.6	- 1.8	97.6	28.3	+69.3	57.3	33.8	+23.5
Other Securities	9.4	7.8	+ 1.6	5.7	6.9	- 1.2	2.6	0.6	+ 1.9	1.2	0.4	+ 0.8
Foreign Securities, Total	99.5	94.4	+ 5.1	91.0	85.5	+ 5.5	6.0	5.8	+ 0.2	2.5	3.1	- 0.5
United States Issues:												
Bonds and Debentures	7.4	14.9	- 7.5	7.0	14.8	- 7.8	0.2	-	+ 0.2	0.2	0.2	-
Common and Preference Stocks	82.8	71.4	+11.4	81.0	68.5	+12.5	0.5	0.2	+ 0.3	1.3	2.7	- 1.4
United Kingdom Issues:												
Bonds and Debentures	0.6	0.7	- 0.1	0.2	0.5	- 0.3	0.4	0.1	+ 0.3	-	0.1	- 0.1
Common and Preference Stocks	4.7	5.4	- 0.7	0.2	0.2	-	4.6	5.2	- 0.7	-	-	-
Other Foreign Countries Issues:												
Bonds and Debentures	0.6	1.4	- 0.8	0.4	1.2	- 0.8	0.1	0.1	-	0.1	0.1	-
Common and Preference Stocks	2.6	0.3	+ 2.3	1.5	0.1	+ 1.4	0.2	0.2	+ 0.1	0.9	-	+ 0.9
All Other Foreign Securities	0.8	0.3	+ 0.4	0.8	0.2	+ 0.5	-	0.1	- 0.1	-	-	-
Analysis of Bonds and Debentures												
Canadian Issues:												
Government of Canada - Direct	35.6	41.7	- 6.0	23.9	26.2	- 2.3	5.6	8.7	- 3.0	6.2	6.8	- 0.7
Government of Canada - Guaranteed	1.3	7.3	- 6.0	0.6	6.8	- 6.3	0.5	0.3	+ 0.2	0.2	0.2	-
Provincial	7.6	18.1	-10.5	4.7	16.9	-12.2	1.3	0.6	+ 0.8	1.6	0.6	+ 1.0
Municipal	3.5	0.8	+ 2.8	3.3	0.5	+ 2.8	0.2	0.1	+ 0.1	0.1	0.2	- 0.1
Railway, not guaranteed by Government	2.2	3.6	- 1.4	1.3	2.8	- 1.5	0.3	0.5	- 0.2	0.6	0.3	+ 0.3
Other Corporations	45.4	34.8	+10.6	17.5	22.3	- 4.8	9.2	6.1	+ 3.1	18.7	6.4	+12.3
United States Issues:												
Government	3.7	8.4	- 4.7	3.6	8.4	- 4.8	0.1	-	+ 0.1	0.1	-	+ 0.1
Other	3.7	6.5	- 2.8	3.4	6.4	- 2.9	0.2	-	+ 0.2	0.1	0.2	- 0.1
United Kingdom Issues:												
Government	0.3	0.2	+ 0.1	-	0.1	- 0.1	0.3	-	+ 0.3	-	0.1	- 0.1
Other	0.3	0.5	- 0.2	0.2	0.5	- 0.2	0.1	-	+ 0.1	-	-	-

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. -
1955—July	18.4	54.8	-36.4	14.4	46.2	-31.8	65.7	48.6	+17.1	50.6	40.7	+ 9.8
August	13.3	26.8	-13.5	9.8	21.0	-11.2	57.2	56.5	+ 0.7	42.6	46.2	- 3.6
September	20.8	18.8	+ 1.9	14.9	16.8	- 1.9	65.2	58.2	+ 7.0	54.0	51.0	+ 3.1
October	13.6	6.8	+ 6.8	7.9	4.2	+ 3.7	49.4	49.7	- 0.3	39.4	41.3	- 1.9
November.....	12.9	15.7	- 2.8	10.2	10.0	+ 0.3	48.9	41.1	+ 7.8	36.2	34.8	+ 1.4
December	22.7	13.4	+ 9.3	19.2	9.3	+ 9.9	50.9	45.9	+ 5.0	40.5	34.3	+ 6.2
1956—January	29.3	6.7	+22.6	23.2	5.6	+17.6	50.3	54.1	- 3.8	41.4	46.7	- 5.3
February	16.5	5.2	+11.3	9.1	3.3	+ 5.8	58.1	47.1	+11.0	48.7	39.8	+ 8.9
March	24.4	12.7	+11.6	17.5	7.7	+ 9.8	80.0	58.7	+21.3	64.4	47.5	+16.9
April	22.7	26.1	- 3.4	11.4	20.6	- 9.3	89.8	69.1	+20.6	70.2	58.4	+11.8
May	16.1	13.4	+ 2.7	12.1	11.3	+ 0.8	98.6	72.1	+26.5	78.2	60.8	+17.4
June	12.6	28.7	-16.1	5.8	23.4	-17.6	61.4	47.0	+14.4	44.4	39.2	+ 5.2
July	15.4	20.8	- 5.3	9.8	18.6	- 8.8	75.5	39.9	+35.6	45.7	32.7	+13.0
August	11.9	16.4	- 4.5	7.8	14.1	- 6.4	79.5	57.2	+22.3	55.9	49.2	+ 6.7
September	15.8	16.1	- 0.3	8.4	10.5	- 2.1	60.5	40.9	+19.6	41.3	35.6	+ 5.7
October	24.6	12.0	+12.6	16.7	9.3	+ 7.4	57.4	47.1	+10.3	37.4	41.7	- 4.3
November.....	22.3	19.3	+ 3.0	14.6	15.0	- 0.5	52.4	43.3	+ 9.1	34.8	34.1	+ 0.7
December	13.4	41.8	-28.4	5.9	38.7	-32.8	51.8	42.4	+ 9.4	35.6	36.4	- 0.8
1957—January	12.0	11.9	+ 0.1	7.4	8.8	- 1.5	60.8	48.2	+12.6	36.7	40.4	- 3.7
February	18.1	21.8	- 3.7	7.5	17.3	- 9.9	52.9	37.6	+15.3	37.4	30.7	+ 6.7
March	13.9	17.5	- 3.6	6.8	10.6	- 3.9	59.5	44.4	+15.1	40.3	35.1	+ 5.3
April	17.1	15.4	+ 1.7	9.5	10.0	- 0.4	75.2	59.0	+16.2	47.9	48.7	- 0.8
May	19.2	17.9	+ 1.3	9.7	10.4	- 0.7	101.4	77.3	+24.1	62.5	63.9	- 1.3
June	15.4	21.7	- 6.4	10.4	18.3	- 7.9	72.8	65.1	+ 7.7	43.0	50.9	- 7.9
July												
August												
September												
October												
November												
December												

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

TABLE 6.

Domestic Government Bonds
(Wednesday nearest middle of month)

Stock Prices

Exchange Rate



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Proceeds of New Issues of Canadian Securities

Sold to Non-Residents

	1955	1956				1957	
	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter

(Millions of dollars)

Bonds and debentures:

Government of Canada, direct	-	-	-	8	1	-	-
Government of Canada, guaranteed	-	-	-	-	-	-	-
Provincial government (incl. guar.) ..	-	89	57	42	36	64	45
Municipal government	2	5	34	60	15	36	4
Railways, not guaranteed by government	-	-	-	-	-	-	-
Other corporations	5	12	56	52	139	139	207
Sub-total, Bonds and debentures	7	106	147	162	191	239	256
Common and preference stock	5	5	34	16	20	21	24
Total	12	111	181	178	211	260	280

The proceeds of new issues of Canadian securities sold to non-residents during the second quarter established a new high in the quarterly series which commenced in 1950 and have only been exceeded by annual totals in a few years. Residents of the United States were again purchasers of over 90 per cent of the total. Approximately 90 per cent of the new bonds and debentures sold to non-residents during the quarter were payable solely or optionally in foreign currencies.

Retirements of Canadian Securities held by Non-Residents

	1955	1956				1957	
	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter

(Millions of dollars)

Bonds and debentures:

Government of Canada, direct	-	29	2	19	1	-	2
Government of Canada, guaranteed	-	32	-	-	-	-	-
Provincial government (incl. guar.) ..	2	2	5	2	6	5	10
Municipal government	9	2	3	1	12	3	6
Railways, not guaranteed by government	1	2	-	-	-	5	-
Other corporations	5	3	10	2	2	4	10
Sub-total, Bonds and debentures	17	70	20	24	21	17	28
Common and preference stock	2	1	3	-	1	26	-
Total	19	71	23	24	22	43	28

Almost 90 per cent of all the Canadian securities owned by non-residents which were retired during the second quarter were held by residents of the United States. Approximately 80 per cent of the total bonds and debentures retired were payable solely or optionally in foreign currencies.