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SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES

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Transactions in outstanding securities between Canada and other countries during the month of January resulted in a net purchase balance of \$41.1 million, the largest net capital outflow to take place in any month since April, 1962, when it reached \$45.7 million. The gross volume of transactions also increased, exceeding the totals of the past six months and approached the high levels of last spring. There were outward movements of capital to all areas in this opening month of the year. The net movement to the United States of \$27.7 million was unusually large, with only two months in 1964 recording outflows of a similar magnitude for the purchase of outstanding securities. Other outflows of \$6.9 million and \$6.5 million went to the United Kingdom and other overseas countries, respectively. In December the net capital outflow of \$21.3 million from trading in outstanding securities comprised purchase balances with the United States and the United Kingdom of \$18.9 million and \$4.0 million respectively, reduced by net sales of \$1.6 million to other non-residents.

Transactions in outstanding Canadian securities resulted in a net purchase balance of \$43.1 million; in the previous month net acquisitions amounted to \$17.8 million. Outstanding bonds and debentures attracted \$2.3 million from the United States but other non-residents relinquished on balance \$3.1 million. This small net purchase balance of \$0.8 million augmented slightly the record high capital outflow of \$42.3 million for the repurchase of outstanding Canadian common and preference stocks in amounts of \$30.1 million, \$5.3 million and \$6.9 million from the United States, the United Kingdom and other countries, respectively. Gross repurchases of equities reached almost \$80 million for the month, a volume seldom attained in the past three years. Gross sales of \$37.4 million were rather low, being exceeded in eight of the last twelve months.

Canadians resold almost \$2.0 million of their outstanding foreign security holdings with net sales of over \$0.2 million of bonds and debentures and \$1.7 million of equities. Purchases from residents of the United States, mainly of United States securities, grossed over \$43 million but were balanced by sales of a like amount. Net sales balances to the United Kingdom and other overseas countries were slightly in excess of \$0.5 million and \$1.4 million, respectively. In December Canadians had invested on balance \$3.5 million in the acquisition of foreign securities.

A number of the cumulative totals 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.

Balance of Payments Section
National Accounts and Balance of Payments Division

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

(Thousands of dollars)

January, 1965	Total Sales	Total Purchases	United States		United Kingdom		Other Foreign Countries	
			Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
Grand Total, Canadian and Foreign Securities	101,428	142,543	74,702	102,443	10,696	17,638	16,030	22,462
Canadian Securities, Total	54,207	97,267	31,048	58,817	9,377	16,823	13,782	21,627
Bonds and Debentures	16,739	17,537	10,755	8,455	1,357	3,496	4,627	5,586
Common and Preference Stocks	37,429	79,722	20,255	50,358	8,019	13,323	9,155	16,041
Other Securities	39	8	38	4	1	4	-	-
Foreign Securities, Total	47,221	45,276	43,654	43,626	1,319	815	2,248	835
United States Issues:								
Bonds and Debentures	3,484	3,816	3,460	3,816	23	-	1	-
Common and Preference Stocks	39,827	39,807	38,992	38,894	13	226	822	687
United Kingdom Issues:								
Bonds and Debentures	494	52	-	1	483	-	11	51
Common and Preference Stocks	1,438	433	888	267	550	166	-	-
Other Foreign Countries Issues:								
Bonds and Debentures	1,150	1,022	112	569	250	389	788	64
Common and Preference Stocks	815	127	189	69	-	25	626	33
All Other Foreign Securities	13	19	13	10	-	9	-	-
Analysis of Bonds and Debentures								
Canadian Issues:								
Government of Canada - Direct	8,544	8,557	5,117	2,490	850	3,240	2,577	2,827
Government of Canada - Guaranteed	2,121	2,553	238	1,534	322	32	1,561	987
Provincial	2,462	1,123	2,028	728	148	15	286	380
Municipal	2,203	806	2,176	743	-	30	27	33
Railway, not guaranteed by Government	65	51	53	39	-	4	12	8
Other Corporations	1,344	4,447	1,143	2,921	37	175	164	1,351
United States Issues:								
Government	2,459	1,776	2,459	1,776	-	-	-	-
Other	1,025	2,040	1,001	2,040	23	-	1	-
United Kingdom Issues:								
Government	494	51	-	-	483	-	11	51
Other	-	1	-	1	-	-	-	-

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