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

SEPTEMBER 1965

## Security Transactions - Third Quarter, 1965

Transactions in portfolio securities between Canada and other countries during the third quarter of 1965 resulted in a net capital inflow of \$225 million. This was nearly 60 per cent more than the total inflow for the first two quarters of the year (\$141 million), and is explained by a substantially higher sales balance (\$247 million) from transactions in Canadian securities.

The sale of Canadian new issues, again the dominant feature of security movements, accounted for an inflow of \$293 million, virtually unchanged from the preceding quarter's figure. The bulk of this inflow came from the sale of new corporation bonds (\$169 million) and new provincial government direct and guaranteed issues (\$101 million). Retirements of Canadian securities at \$56 million returned to the normal third quarter level from the unusually high \$176 million of the previous quarter, while trade in outstanding Canadian securities showed a sales balance of \$10 million compared with last quarter's purchase balance of \$67 million. Net sales of outstanding bonds reached \$38 million, while the net outflow for the repatriation of Canadian equities, at \$28 million, was two thirds down from the \$83 million outflows of the March and June quarters.

Dealings in foreign securities led to a net outflow of \$22 million, of which \$16 million consisted of net purchases of outstanding securities.

During the first nine months of 1965, a net capital inflow of \$366 million accrued to Canada from transactions in portfolio securities with other countries. This may be compared with inflows of \$253 million and \$529 million for the corresponding periods of 1964 and 1963, respectively.

## Security Transactions between Canada and Other Countries

Net sales (+) or purchases (-) by Canadians	1964			1965 <sup>P</sup>		
	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
	millions of dollars					
Canadian securities:						
Outstanding issues - Bonds, etc. ....	+ 14	+ 37	+ 22	+ 3	+ 16	+ 38
Stocks .....	- 8	- 5	- 40	- 83	- 83	- 28
New issues .....	+ 318	+ 117	+ 550	+ 275	+ 295	+ 293
Retirements .....	- 100	- 57	- 92	- 66	- 176	- 56
Foreign securities:						
Outstanding issues .....	- 31	- 4	- 6	- 11	- 13	- 16
New issues .....	- 10	- 5	- 8	- 27	- 6	- 8
Retirements .....	+ 3	+ 2	+ 3	+ 3	+ 14	+ 2
Totals - All securities .....	+ 186	+ 85	+ 429	+ 94	+ 47	+ 225

<sup>P</sup> Preliminary figures.

## Trade in Outstanding Securities - September, 1965

Transactions in outstanding securities during September showed a small purchase balance of \$2.8 million following the net inflow of \$6.4 million recorded in August. This restores the pattern of purchase balances evident throughout the rest of 1965.

Trade in foreign securities produced the highest purchase balance since April, 1964. The net outflow of \$12.9 million consisted mainly of net purchases from the United States (\$11.8 million).

Dealings in Canadian securities resulted in a net inflow of \$10.1 million, with net sales to other foreign countries (\$9.2 million) and the United Kingdom (\$2.4 million) being partly offset by net purchases of \$1.5 million from the United States. The sale of bonds accounted for an inflow of \$17.6 million, of which \$16.6 million came from net sales of Government of Canada bonds. Repatriation of Canadian equities at \$7.5 million represented the lowest purchase balance since November, 1964.

Balance of Payments Section  
National Accounts and Balance of Payments DivisionDecember 1965  
2206-503

TABLE 2. Trade in Outstanding Canadian 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.-
1963- Year .....	654.5	784.7	-130.1	358.7	421.8	- 63.1	145.5	205.0	- 59.5	150.3	157.9	- 7.5
1964- Year .....	762.2	782.3	- 20.1	420.0	433.0	- 13.0	146.4	174.6	- 28.2	195.8	174.6	+ 21.2
1965- 9 months .....	473.0	610.3	-137.4	236.4	341.1	-104.6	96.8	133.5	- 36.7	139.7	135.7	+ 4.0
1964- January .....	52.3	80.7	- 28.4	24.5	43.3	- 18.7	13.0	20.8	- 7.8	14.8	16.6	- 1.8
February .....	42.3	54.1	- 11.8	20.7	31.4	- 10.7	7.9	10.6	- 2.8	13.7	12.1	+ 1.7
March .....	47.4	50.5	- 3.0	28.4	28.5	- 0.1	7.7	9.3	- 1.6	11.3	12.7	- 1.4
April .....	71.5	86.3	- 14.8	36.5	49.7	- 13.2	14.1	19.2	- 5.1	20.9	17.4	+ 3.5
May .....	81.3	61.0	+ 20.3	51.7	34.7	+ 17.0	12.4	12.5	- 0.1	17.2	13.7	+ 3.4
June .....	73.8	73.0	+ 0.7	41.3	36.2	+ 5.0	15.2	21.3	- 6.2	17.3	15.5	+ 1.9
July .....	80.4	61.6	+ 18.8	48.9	28.8	+ 20.0	16.1	17.7	- 1.6	15.4	15.2	+ 0.3
August .....	46.5	45.9	+ 0.5	23.5	28.6	- 5.1	8.7	7.8	+ 0.9	14.3	9.6	+ 4.7
September .....	67.9	55.5	+ 12.4	42.4	31.7	+ 10.7	9.3	10.7	- 1.4	16.2	13.1	+ 3.1
October .....	66.3	62.6	+ 3.7	40.5	37.0	+ 3.5	9.3	10.6	- 1.3	16.5	15.1	+ 1.4
November .....	72.0	76.0	- 4.0	35.5	40.6	- 5.0	16.5	17.8	- 1.3	19.9	17.6	+ 2.3
December .....	57.2	75.0	- 17.8	26.1	42.5	- 16.4	13.0	16.4	- 3.4	18.1	16.1	+ 2.0
Month not identified .....	3.4	-	+ 3.4	-	-	-	3.4	-	+ 3.4	-	-	-
1965- January .....	56.6	97.8	- 41.3	30.7	58.7	- 28.0	9.4	17.3	- 7.9	16.5	21.8	- 5.3
February .....	57.0	79.0	- 21.9	25.7	36.8	- 11.1	13.5	23.2	- 9.7	17.9	19.0	- 1.1
March .....	65.7	82.7	- 17.0	28.4	41.9	- 13.5	16.1	19.9	- 3.8	21.1	20.9	+ 0.3
April .....	50.3	75.4	- 25.1	26.7	40.5	- 13.8	8.9	18.6	- 9.7	14.7	16.3	- 1.6
May .....	54.0	73.0	- 19.1	27.2	43.0	- 15.9	12.0	14.2	- 2.3	14.8	15.8	- 0.9
June .....	49.1	71.8	- 22.7	22.7	41.0	- 18.3	13.0	14.3	- 1.7	13.4	16.0	- 2.7
July .....	39.1r	45.5	- 6.4r	21.5	24.9	- 3.4	6.5	9.9	- 3.4	11.1r	10.7	+ 0.4r
August .....	47.0	41.0	+ 6.0	24.1	23.2	+ 0.8	8.7	9.4	- 0.6	14.2	8.4	+ 5.8
September .....	54.2	44.1	+ 10.1	29.5	31.0	- 1.5	8.8	6.4	+ 2.4	15.9	6.8	+ 9.2
October .....												
November .....												
December .....												
Month not identified .....												

As figures are rounded, totals may not equal sum of component parts.

TABLE 3. Trade in Outstanding Foreign 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.-
1963- Year .....	429.7	388.2	+41.5	394.6	351.7	+43.0	11.9	15.2	- 3.4	23.2	21.3	+ 1.9
1964- Year .....	519.0	564.5	-45.5	474.9	516.5	-41.6	12.7	20.1	- 7.5	31.4	27.9	+ 3.5
1965- 9 months .....	429.2	469.0	-39.8	400.2	440.9	-40.7	10.9	10.7	+ 0.2	18.1	17.3	+ 0.8
1964- January .....	45.7	50.2	- 4.5	38.5	46.0	- 7.6	2.0	1.9	+ 0.1	5.2	2.3	+ 3.0
February .....	34.3	34.0	+ 0.3	30.0	31.0	- 0.9	0.7	1.7	- 1.0	3.5	1.3	+ 2.2
March .....	42.0	41.1	+ 0.9	38.2	36.3	+ 2.0	1.5	3.4	- 1.8	2.2	1.5	+ 0.7
April .....	48.3	62.0	-13.7	44.3	58.5	-14.2	0.7	0.7	-	3.2	2.7	+ 0.5
May .....	55.2	61.0	- 5.8	50.4	55.8	- 5.3	1.1	1.8	- 0.7	3.7	3.5	+ 0.2
June .....	45.7	55.6	- 9.9	42.0	50.8	- 8.8	1.3	2.5	- 1.1	2.5	2.4	-
July .....	38.5	41.6	- 3.1	35.9	37.9	- 2.0	1.1	0.6	+ 0.5	1.5	3.2	- 1.6
August .....	30.8	30.7	+ 0.1	27.8	27.6	+ 0.2	0.9	0.9	-	2.1	2.1	- 0.1
September .....	49.8	49.0	+ 0.9	46.8	45.6	+ 1.2	0.9	0.8	+ 0.1	2.1	2.5	- 0.5
October .....	46.6	44.9	+ 1.7	44.3	41.0	+ 3.3	0.6	2.4	- 1.7	1.7	1.6	+ 0.1
November .....	40.9	43.8	- 2.8	38.0	38.9	- 0.9	0.8	2.1	- 1.3	2.0	2.7	- 0.7
December .....	37.1	40.6	- 3.5	34.6	37.2	- 2.5	0.8	1.4	- 0.6	1.6	2.0	- 0.4
Month not identified .....	4.0	10.0	- 6.0	4.0	10.0	- 6.0	-	-	-	-	-	-
1965- January .....	47.6	45.4	+ 2.2	44.0	43.7	+ 0.3	1.3	0.8	+ 0.5	2.2	0.8	+ 1.4
February .....	38.3	42.2	- 3.9	35.8	40.1	- 4.4	0.8	0.8	-	1.7	1.2	+ 0.5
March .....	48.9	57.9	- 9.0	43.7	53.8	-10.1	2.6	2.2	+ 0.4	2.6	1.9	+ 0.7
April .....	48.3	46.8	+ 1.5	44.6	43.2	+ 1.4	1.4	1.2	+ 0.2	2.2	2.3	- 0.1
May .....	48.9	54.1	- 5.3	46.0	49.6	- 3.6	0.7	2.0	- 1.4	2.1	2.5	- 0.3
June .....	60.1	69.5	- 9.5	56.0	65.9	- 9.9	1.4	0.9	+ 0.4	2.7	2.7	-
July .....	36.2	39.5	- 3.3	34.0	36.9	- 2.9	0.9	1.1	- 0.2	1.3	1.6	- 0.3
August .....	45.4	45.0	+ 0.4	43.2	43.0	+ 0.2	1.0	0.8	+ 0.2	1.2	1.2	-
September .....	55.7	68.5	-12.9	52.8	64.6	-11.8	0.8	0.8	-	2.0	3.1	- 1.1
October .....												
November .....												
December .....												
Month not identified .....												

As figures are rounded, totals may not equal sum of component parts.

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

(Thousands of dollars)

September 1965	Total Sales	Total Purchases	United States		United Kingdom		Other Foreign Countries	
			Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
<b>Grand Total, Canadian and Foreign Securities</b>	109,862	112,662	82,335	95,604	9,597	7,207	17,930	9,851
<b>Canadian Securities, Total</b>	54,180	44,119	29,497	31,008	8,765	6,357	15,918	6,754
Bonds and Debentures	26,493	8,929	12,177	5,951	4,071	1,501	10,245	1,477
Common and Preference Stocks	27,613	35,140	17,249	25,007	4,694	4,856	5,670	5,277
Other Securities	74	50	71	50	-	-	3	-
<b>Foreign Securities, Total</b>	55,682	68,543	52,838	64,596	832	850	2,012	3,097
United States Issues:								
Bonds and Debentures	2,731	5,111	2,651	5,057	-	3	80	51
Common and Preference Stocks	49,605	58,935	48,890	56,543	143	698	572	1,694
United Kingdom Issues:								
Bonds and Debentures	182	122	6	107	37	2	139	13
Common and Preference Stocks	239	1,340	9	1,223	229	116	1	1
Other Foreign Countries Issues:								
Bonds and Debentures	1,711	1,566	1,025	337	414	27	272	1,202
Common and Preference Stocks	1,203	1,463	246	1,323	9	4	948	136
All Other Foreign Securities	11	6	11	6	-	-	-	-
<b>Analysis of Bonds and Debentures</b>								
Canadian Issues:								
Government of Canada - Direct	18,379	5,318	8,720	3,421	2,333	1,125	7,326	772
Government of Canada - Guaranteed	4,288	772	402	449	1,627	114	2,259	209
Provincial	1,570	398	1,291	288	-	60	279	50
Municipal	288	117	288	62	-	44	-	11
Railway, not guaranteed by Government	53	44	48	33	-	4	5	7
Other Corporations	1,915	2,280	1,428	1,698	111	154	376	428
United States Issues:								
Government	1,368	1,947	1,337	1,910	-	-	31	37
Other	1,363	3,164	1,314	3,147	-	3	49	14
United Kingdom Issues:								
Government	32	-	-	-	32	-	-	-
Other	150	122	6	107	5	2	139	13



TABLE 5. Trade in Outstanding Securities Between Canada and Other Countries

(Millions of dollars)

Nine months ending September 1965	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.-
<b>Grand Total, Canadian and Foreign Securities</b>	902.2	1,079.3	- 177.1	636.6	782.0	- 145.4	107.7	144.2	- 36.5	157.8	153.0	+ 4.7
<b>Canadian Securities, Total</b>	473.0	610.3	- 137.4	236.4	341.1	- 104.6	96.8	133.5	- 36.7	139.7	135.7	+ 4.0
Bonds and Debentures	160.9	102.3	+ 58.6	72.1	40.9	+ 31.2	33.0	32.7	+ 0.3	55.8	28.6	+ 27.2
Common and Preference Stocks	311.8	506.8	- 195.0	164.1	298.9	- 134.8	63.8	100.8	- 37.0	83.8	107.1	- 23.2
Other Securities	0.3	1.3	- 1.0	0.2	1.2	- 1.0	-	-	-	0.1	-	+ 0.1
<b>Foreign Securities, Total</b>	429.2	469.0	- 39.8	400.2	440.9	- 40.7	10.9	10.7	+ 0.2	18.1	17.3	+ 0.8
United States Issues:												
Bonds and Debentures	25.8	24.5	+ 1.3	25.4	24.2	+ 1.3	-	-	-	0.3	0.3	-
Common and Preference Stocks	372.2	414.0	- 41.7	364.0	400.1	- 36.1	1.5	3.6	- 2.1	6.7	10.3	- 3.6
United Kingdom Issues:												
Bonds and Debentures	2.3	2.1	+ 0.2	0.5	0.3	+ 0.2	1.0	1.2	- 0.2	0.7	0.6	+ 0.2
Common and Preference Stocks	5.7	6.0	- 0.3	1.0	3.0	- 2.0	3.8	2.9	+ 1.0	0.8	0.1	+ 0.7
Other Foreign Countries Issues:												
Bonds and Debentures	14.1	13.1	+ 1.0	5.6	6.4	- 0.8	3.0	2.3	+ 0.6	5.4	4.3	+ 1.1
Common and Preference Stocks	9.0	9.3	- 0.3	3.5	6.9	- 3.3	1.4	0.6	+ 0.8	4.1	1.8	+ 2.3
All Other Foreign Securities	0.1	0.1	-	0.1	0.1	-	0.1	-	-	-	-	-
<b>Analysis of Bonds and Debentures</b>												
Canadian Issues:												
Government of Canada - Direct	95.1	62.2	+ 32.9	33.0	18.1	+ 14.9	27.6	29.2	- 1.6	34.4	14.8	+ 19.6
Government of Canada - Guaranteed	20.3	7.8	+ 12.5	2.8	2.3	+ 0.5	3.2	0.4	+ 2.8	14.3	5.1	+ 9.2
Provincial	18.9	9.1	+ 9.7	15.5	6.4	+ 9.1	1.1	0.5	+ 0.6	2.3	2.3	-
Municipal	9.1	3.0	+ 6.1	8.9	2.6	+ 6.3	-	0.1	- 0.1	0.2	0.2	-
Railway, not guaranteed by Government	0.6	0.9	- 0.3	0.2	0.5	- 0.2	-	0.1	- 0.1	0.3	0.2	+ 0.1
Other Corporations	16.9	19.3	- 2.4	11.7	11.0	+ 0.6	1.0	2.4	- 1.4	4.2	5.9	- 1.7
United States Issues:												
Government	14.4	12.2	+ 2.2	14.4	12.2	+ 2.2	-	-	-	0.1	-	-
Other	11.4	12.3	- 0.9	11.1	12.0	- 0.9	-	-	-	0.3	0.3	-
United Kingdom Issues:												
Government	1.2	1.0	+ 0.2	0.3	-	+ 0.3	0.7	0.8	- 0.1	0.1	0.1	-
Other	1.1	1.1	-	0.2	0.3	- 0.1	0.3	0.4	- 0.1	0.6	0.4	+ 0.2

As figures are rounded, totals may not equal sum of component parts.

TABLE 6. Trade in Outstanding 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 <sup>1</sup>						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. -
1963 - Year .....	239.1	200.2	+ 39.0	121.1	85.9	+ 35.1	415.4	584.5	-169.1	237.6	335.9	- 98.2
1964 - Year .....	227.5	150.2	+ 77.4	101.1	62.6	+ 38.5	534.7	632.1	- 97.4	319.0	370.4	- 51.5
1965 - 9 months .....	161.1	103.5	+ 57.6	72.3	42.2	+ 30.1	311.8	506.8	-195.0	164.1	298.9	-134.8
1964 - January .....	12.7	10.6	+ 2.2	3.3	1.6	+ 1.7	39.6	70.1	- 30.6	21.2	41.6	- 20.5
February .....	8.2	13.7	- 5.5	2.9	7.5	- 4.7	34.1	40.4	- 6.3	17.8	23.9	- 6.0
March .....	14.0	9.6	+ 4.4	9.5	5.4	+ 4.1	33.4	40.9	- 7.5	18.9	23.0	- 4.2
April .....	15.3	15.3	- 0.1	4.8	6.2	- 1.4	56.2	71.0	- 14.8	31.7	43.6	- 11.8
May .....	21.9	10.5	+ 11.4	12.0	3.1	+ 8.8	59.4	50.5	+ 8.9	39.7	31.6	+ 8.1
June .....	25.3	22.1	+ 3.2	8.3	7.2	+ 1.1	48.5	50.9	- 2.4	32.9	29.0	+ 3.9
July .....	21.6	9.8	+ 11.9	10.8	2.4	+ 8.5	58.8	51.9	+ 6.9	38.0	26.4	+ 11.6
August .....	12.5	5.3	+ 7.3	3.4	2.1	+ 1.3	33.9	40.7	- 6.7	20.1	26.5	- 6.4
September .....	23.9	6.6	+ 17.3	15.3	2.5	+ 12.8	44.1	48.9	- 4.9	27.1	29.2	- 2.1
October .....	20.6	9.7	+ 10.9	11.4	5.2	+ 6.1	45.7	53.0	- 7.3	29.1	31.7	- 2.6
November .....	21.6	15.8	+ 5.8	7.7	6.9	+ 0.8	50.3	60.2	- 9.9	27.8	33.6	- 5.8
December .....	26.5	21.3	+ 5.2	11.6	12.4	- 0.7	30.7	53.7	- 23.0	14.5	30.2	- 15.7
Month not identified .....	3.4	-	+ 3.4	-	-	-	-	-	-	-	-	-
1965 - January .....	16.8	17.5	- 0.8	10.8	8.5	+ 2.3	39.8	80.3	- 40.5	19.9	50.3	- 30.3
February .....	18.6	13.9	+ 4.7	9.2	2.0	+ 7.2	38.4	65.0	- 26.6	16.4	34.8	- 18.3
March .....	17.5	17.9	- 0.5	4.7	8.1	- 3.5	48.2	64.7	- 16.5	23.7	33.8	- 10.1
April .....	10.1	8.6	+ 1.5	4.1	3.0	+ 1.0	40.2	66.8	- 26.5	22.6	37.5	- 14.9
May .....	14.8	7.9	+ 6.9	5.8	3.5	+ 2.3	39.1	65.1	- 26.0	21.4	39.5	- 18.2
June .....	18.4	10.2	+ 8.2	7.0	2.6	+ 4.4	30.7	61.7	- 30.9	15.7	38.4	- 22.7
July .....	14.0 r	9.7	+ 4.3 r	6.2	5.4	+ 0.7	25.1	35.8	- 10.7	15.3	19.4	- 4.1
August .....	24.4	8.7	+ 15.7	12.3	3.0	+ 9.3	22.6	32.3	- 9.7	11.8	20.2	- 8.5
September .....	26.6	9.0	+ 17.6	12.2	6.0	+ 6.2	27.6	35.1	- 7.5	17.2	25.0	- 7.8
October .....												
November .....												
December .....												
Month not identified .....												

As figures are rounded, totals may not equal sum of component parts.

<sup>1</sup> Includes also minor amounts of "Other" Canadian securities.

TABLE 7.

## Domestic Government Bonds

## Stock Prices

## Exchange Rate

(Last Wednesday of month)

Year and Month	Canada 3½% due January 15, 1975-78		United States 3½% due June 15, 1978-83		United Kingdom 3% due August 15, 1965-75		Canada (Dominion Bureau of Statistics)		United States Standard and Poor's Composite Stock Index of Industrials, Railroads and Utilities	United States dollar in Canada (noon average in cents)
	Price	Yield	Price	Yield	Price	Yield	Investors' Price Index (Industrials Utilities Finance)	Composite Mining Index		
							1956 = 100		1941-1943 = 10	
1960- March .....	82.13	5.32	87.00	4.13	74.38	5.48	100.3	78.1	55.02	95.09
June .....	84.63	5.08	91.13	3.83	70.50	5.98	104.7	70.5	57.26	98.23
September .....	87.38	4.84	92.25	3.76	71.19	5.94	106.0	76.1	54.81	97.25
December .....	81.63	5.41	91.69	3.80	70.31	6.10	109.4	79.3	56.80	98.24
1961- March .....	84.13	5.18	91.81	3.80	70.91	6.06	124.8	82.8	64.12	98.73
June .....	86.13	4.99	89.50	3.97	69.09	6.35	133.6	90.3	65.62	100.55
September .....	86.00	5.02	88.81	4.03	67.66	6.60	140.1	96.9	67.26	103.08
December .....	86.69	4.96	87.88	4.11	70.34	6.27	142.0	103.1	71.74	104.27
1962- March .....	87.81	4.86	89.50	3.99	70.91	6.24	141.4	100.4	70.29	104.94
June .....	84.38	5.23	90.56	3.91	71.28	6.23	117.6	98.1	55.63	108.79
September .....	83.13	5.38	90.63	3.91	81.34	4.98	119.6	92.3	58.00	107.68
December .....	86.19	5.07	91.63	3.84	80.41	5.13	126.9	88.6	62.64	107.60
1963- March .....	86.31	5.07	91.19	3.88	78.94	5.35	132.3	92.9	65.67	107.80
June .....	88.06	4.91	89.31	3.99	81.88	5.01	139.9	90.8	70.11	107.82
September .....	86.63	5.08	90.00	3.99	83.66	4.82	138.0	91.8	72.85	107.98
December .....	86.06	5.16	87.63	4.19	80.25	5.30	139.8	86.5	74.17	107.93
1964- March .....	85.38	5.25	86.94	4.25	79.44	5.45	147.1	96.4	78.80	108.05
June .....	86.06	5.20	88.81	4.10	78.06	5.69	160.5	96.4	80.24	108.09
September .....	86.13	5.21	88.19	4.16	77.56	5.81	166.8	104.2	83.40	107.61
December .....	87.63	5.06	88.31	4.16	73.63	6.47	169.4	112.6	83.96	107.46
1965- January .....	88.19	5.00	88.81	4.12	73.66	6.49	177.2	118.2	86.12	107.38
February .....	87.56	5.08	88.50	4.15	73.69	6.50	177.8	117.6	86.75	107.58
March .....	87.31	5.11	88.81	4.13	73.00	6.64	180.0	119.0	86.83	108.11
April .....	87.56	5.09	88.75	4.14	72.91	6.68	180.5	118.5	87.97	107.92
May .....	87.31	5.13	88.75	4.14	72.13	6.84	183.7	116.0	89.28	107.95
June .....	86.81	5.20	88.69	4.15	72.16	6.86	174.0	110.0	85.04	108.23
July .....	85.44	5.37	88.50	4.17	72.28	6.87	166.0	108.9	84.91	108.35
August .....	85.06	5.42	87.44	4.26	72.06	6.93	171.2	111.2	86.49	107.84
September .....	85.31	5.40	86.56	4.35	71.44	7.00	175.5	109.7	85.32	107.64
October .....										
November .....										
December .....										

Transactions in Canadian Securities between Canada and All Countries

	1964			1965 <sup>P</sup>		
	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter

millions of dollars

Trade in Outstanding Canadian Securities between Canada and All Countries

Bonds and debentures:

Government of Canada, direct .....	+ 10	+ 22	+ 9	- 1	+ 10	+ 24
Government of Canada, guaranteed .....	+ 3	+ 7	+ 6	+ 3	+ 3	+ 6
Provincial government (incl. guaranteed) ..	+ 1	+ 5	+ 11	+ 3	+ 2	+ 5
Municipal .....	+ 1	-	+ 2	+ 2	+ 2	+ 2
Railways, not guaranteed by government ....	-	-	-	-	-	-
Other corporations .....	- 1	+ 3	- 6	- 4	- 1	+ 1
Sub-totals, bonds and debentures .....	+ 14	+ 37	+ 22	+ 3	+ 16	+ 38
Common and preference stock .....	- 8	- 5	- 40	- 83	- 83	- 28
Totals .....	+ 6	+ 32	- 18	- 80	- 67	+ 10

Proceeds of New Issues of Canadian Securities Sold to Non-residents

Bonds and debentures:

Government of Canada, direct .....	18	11	9	8	1	11
Government of Canada, guaranteed .....	-	-	-	-	-	-
Provincial government (incl. guaranteed) ..	144	35	165	31	124	101
Municipal government .....	51	6	121	15	33	11
Railways, not guaranteed by government ....	-	-	-	-	-	-
Other corporations .....	99	62	248	213	133	169
Sub-totals, bonds and debentures .....	312	114	543	267	291	292
Common and preference stock .....	6	3	7	8	4	1
Totals .....	318	117	550	275	295	293

Retirements of Canadian Securities Held by Non-residents

Bonds and debentures:

Government of Canada, direct .....	35	10	35	9	26	28
Government of Canada, guaranteed .....	-	-	-	-	-	-
Provincial government (incl. guaranteed) ..	12	9	9	9	10	5
Municipal government .....	15	11	22	11	14	6
Railways, not guaranteed by government ....	-	-	1	2	-	-
Other corporations .....	29	25	20	32	125	15
Sub-totals, bonds and debentures .....	91	55	87	63	175	54
Common and preference stock .....	9	2	5	3	1	2
Totals .....	100	57	92	66	176	56

<sup>P</sup> Preliminary figures.

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 except security transactions of a short-term character analogous to changes in bank balances. Sales of new issues and retirements of called or matured Canadian securities appear above. More complete statistics of capital movements will be found in the annual and quarterly reports on The Canadian Balance of International Payments.



Offerings and Deliveries of New Issues of Canadian Bonds and Debentures  
Sold to Residents of the United States

Year and quarter	Offerings	Deliveries of prior offerings	Offerings for later delivery	Proceeds of new issues	Undelivered balance at end of period
millions of dollars					
1962 .....	957	29	309	677	333
1963 .....	711	322	111	922	122
1964 .....	989	122	57	1,054	57
1963 - I .....	513	192	310	395	451
II .....	136	267	20	383	204
III .....	24	70	8	86	142
IV .....	38	23	3	58	122
1964 - I .....	91	62	28	125	88
II .....	238	88	32	294	32
III .....	309	13	219	103	238
IV .....	351	225	44	532	57
1965 - I .....	334	38	115	257	134
II .....	261	117	91	287	108
III .....	373	86	174	285	196
IV .....					

Short-term money market transactions

The net capital inflow from international transactions in Canadian money market instruments and other finance company borrowings in short-term forms declined to \$25 million in the quarter under review from a revised total of \$83 million in the second quarter of 1965. (The revision largely affected transactions with countries other than the United States and the United Kingdom). Geographically, in the third quarter, there were net inflows of \$12 million, \$4 million and \$9 million from the United States, the United Kingdom and other countries, respectively.

Monthly changes in non-resident holdings of Canadian treasury bills were largely offsetting in the third quarter resulting in a net outflow of \$3 million. Sales and purchases of long-term Government of Canada securities under buy-back arrangements were insignificant and occasioned no net movement. On balance about \$4 million of Canadian commercial paper (including significant amounts of provincial guaranteed paper, negotiable term notes of Canadian Chartered Banks and bankers' acceptances, but excluding financing subsidiaries of merchandisers and manufacturers) was acquired by non-residents in the third quarter. At the end of September non-resident holdings approached \$30 million.

A development of interest in the Canadian money market in the third quarter was the reduction by the Chartered Banks on charges for bankers' acceptances and the subsequent increased volume of these instruments. In the two years prior to June 1965 the average monthly amount outstanding ranged between \$8 million and \$13 million and was \$15 million at the end of June. There were substantial additional sums raised through this medium in each month of the third quarter so that by the end of September the amount outstanding had risen seven times above the figure at the end of June to about \$105 million. Non-residents provided a small but significant share of this amount.

Short-term Canadian finance company paper in the hands of non-residents fell by \$65 million in the third quarter bringing the outflow for the first three quarters of 1965 to \$114 million and reducing holdings to about \$350 million at the end of the period. Transactions in other finance company obligations (which include borrowings from foreign banks and advances from parent companies) resulted in a net inflow of \$89 million, \$10 million below the second quarter figure. Other finance company transactions which are not identified as a group are included with capital movements in long-term forms, notably in new issues and retirements of Canadian securities. All in all, the international borrowing of these companies led to net inflows of about \$20 million, \$40 million and \$40 million successively in the first three quarters of 1965. Data for the third quarter are not yet available but it may be noted that the gross assets of Canadian sales finance and consumer loan companies rose by about \$200 million in each of the first two quarters of 1965.

Readers will note that the statement entitled "Selected Money Market Rates" has been replaced by a new statement covering arbitrage on treasury bills between Canada and the United States. The rates quoted in this statement are more directly comparable than those provided earlier. They are presented from the point of view of the United States investor. It should be noted that they relate only to treasury bills, and that the differentials existing between other money market instruments in the two countries are sometimes much wider.

Transactions in Government of Canada Treasury Bills Between Canada and Other Countries

Month	Sales		Repurchases and maturities		Net change in holdings		Holdings 1965			
	1964	1965	1964	1965	1964	1965	Total	United States	United Kingdom	Other
millions of dollars										
January .....	19	10	15	6	+ 4	+ 4	27	7	2	18
February .....	18	9	17	13	+ 1	- 4	23	4	2	17
March .....	15	36	16	9	- 1	+ 27	50	8	3	39
April .....	21	11	17	20	+ 4	- 10	40	11	1	28
May .....	17	15	14	15	+ 3	-	40	5	9	26
June .....	25	7	18	7	+ 7	-	40	6	9	25
July .....	27	25	30	19	- 3	+ 6	46	4	17	25
August .....	20	8	26	19	- 6	- 11	35	3	7	25
September ....	11	14	18	12	- 7	+ 2	37	5	7	25
October .....	9		16		- 7					
November .....	8		11		- 3					
December .....	19		27		- 8					

Other Non-Resident Participation in Canadian Short-Term Money Markets

Year and quarter	All countries						United States					
	Sales to		Repurchases and maturities		Net sales +		Sales to		Repurchases and maturities		Net sales +	
	1964	1965	1964	1965	1964	1965	1964	1965	1964	1965	1964	1965
millions of dollars												
Buy-back transactions based on Government of Canada securities having an original term over one year:												
First quarter .....	19	3	24	5	-	5 - 2	19	3	24	5	-	5 - 2
Second quarter .....	8	1	8	1	-	-	8	1	8	1	-	-
Third quarter .....	1	-	-	-	+	1 -	1	-	-	-	+	1 -
Fourth quarter .....	8		7		+	1	8		7		+	1
Year .....	36		39		-	3	36		39		-	3
Canadian commercial paper etc:												
First quarter .....	67	19	40	19	+	27 -	65	18	38	19	+	27 - 1
Second quarter .....	44	29	63	22	-	19 + 7	39	19	59	18	-	20 + 1
Third quarter .....	56	25	74	21	-	18 + 4	55	19	73	12	-	18 + 7
Fourth quarter .....	31		32		-	1	30		30		-	
Year .....	198		209		-	11	189		200		-	11
Canadian finance paper:												
First quarter .....	173	139	80	175	+	93 - 36	172	135	79	173	+	93 - 38
Second quarter .....	264	248	160	261	+	104 - 13	262	223	158	256	+	104 - 33
Third quarter .....	215	281	212	346	+	3 - 65	213	247	211	331	+	2 - 84
Fourth quarter .....	187		211		-	24	185		209		-	24
Year .....	839		663		+	176	832		657		+	175
Other finance company obligations(1):												
First quarter .....	12	32	13	7	-	1 + 25	12	32	13	7	-	1 + 25
Second quarter .....	9	183	8	84	+	1 + 99	9	182	8	84	+	1 + 98(2)
Third quarter .....	17	98	1	9	+	16 + 89	17	98	1	8	+	16 + 90
Fourth quarter .....	41		8		+	33	41		8		+	33
Year .....	79		30		+	49	79		30		+	49

(1) Bank loans and inter-company accounts.

(2) See text of June report.

Arbitrage on Treasury Bills between Canada and the United States(1)

Last Friday of month	Treasury bill rates(2)				Premium (+) or discount (-) on forward Canadian dollar(3)	Net incentive (favour of Canada)
	Canada		United States	Spread (favour of Canada)		
	As quoted in Canada	Adjusted to U.S. quotation basis				
	per cent per annum					
January .....	3.70	3.62	3.83	- .21	- .27	- .48
February .....	3.76	3.67	3.97	- .30	+ .00	- .30
March .....	3.62	3.54	3.86	- .32	+ .61	+ .29
April .....	3.80	3.71	3.90	- .19	+ .34	+ .15
May .....	3.93	3.84	3.85	- .01	+ .27	+ .26
June .....	3.94	3.85	3.74	+ .11	+ .41	+ .52
July .....	4.06	3.96	3.78	+ .18	- .20	+ .02
August .....	4.09	3.99	3.83	+ .16	- .14	+ .02
September .....	4.08	3.98	3.94	+ .04	- .61	- .57
October .....						
November .....						
December .....						

(1) As published in the United States Federal Reserve Bulletin.

(2) Market offer rates at 11 a.m. on the latest issue of three month bills.

(3) Rates per annum computed on basis of midpoint quotation (between bid and offer) at 11 a.m. in New York for both spot and forward Canadian dollars. When purchasing Canadian funds with United States dollars and simultaneously reselling them for United States dollars for delivery in 90 days, a positive figure represents a nominal return, at annual rates, to a United States resident, while a negative figure represents a nominal cost. The cases are reversed for a Canadian holder of Canadian funds doing a swap transaction in United States dollars.

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