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JUNE 1970

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JUNE 1970

International portfolio security transactions in the second quarter resulted in a net outflow of \$59 million, thereby reversing the pattern of a series of successive inflows dating back to the beginning of 1967. The capital outflow during the second quarter represented a substantial swing from the inflows of \$553 million in the first quarter of 1970, and \$422 million in the corresponding period in 1969 and was largely the result of a record level of retirements of Canadian securities held by non-residents coinciding with a sharp drop in new issues abroad of Canadian securities. The continuing price decline on stock markets in Canada and the United States, which, during the second quarter saw stock price indexes reach their lowest point in many years, was also evident in international transactions as foreigners and Canadian residents reduced their net holdings of each other's equities.

Trading in outstanding Canadian securities gave rise to net purchases of \$109 million on gross trading of \$414 million, compared with no net movement of capital in the first quarter on gross trading of \$398 million. Transactions in outstanding bonds and debentures led to a net outflow of \$26 million which augmented the \$83 million net repurchase balance from trade in Canadian equities.

Proceeds of \$213 million from new Canadian issues abroad were down 59 per cent from the first quarter figure of \$524 million. The sale abroad of provincial government bonds at \$59 million was especially reduced from levels prevalent in preceding quarters. These high levels will probably not be reached again for a while due both to factors influencing foreign capital markets and the request by the Minister of Finance at a meeting of federal and provincial finance ministers early in June to refrain from obtaining funds outside Canada. Foreign security issues of municipalities and corporations were also notably lower than in the previous quarter. The proportion of total new financing of Canadian companies obtained abroad dropped to 5 per cent from some 27 per cent in the first quarter, as the differential between corporate bond yields in Canada and the United States narrowed from a premium of approximately 50 basis points in Canada at the end of March to near parity by the end of June. A heavy calendar of new bond issues in the United States, possibly influenced by some movement of capital out of the short-term money market following the petition for re-organization of its affairs by the Penn Central Transportation Company, resulted in bond yields in the United States increasing while those in Canada remained relatively stable. In contrast with the previous two years, when Germany became a major supplier of foreign capital, less than 5 per cent of new Canadian issues abroad in the second quarter came from West Germany, while the United States supplied 69 per cent and the United Kingdom 24 per cent.

The large increase in retirements of Canadian securities to \$244 million during the quarter represented mainly the redemption of an Italian currency note issued by the federal government in 1968 to increase foreign currency reserves. (A tranche of about one third was retired on its date of maturity in May, while the remaining two tranches were redeemed in June well ahead of their retirement dates). Retirements of provincially guaranteed bonds were also considerably higher than in previous periods, while those of municipalities and corporations were near the levels existing in the second quarter of 1969.

Capital inflows of \$81 million from foreign security transactions were in effect wholly accounted for by trading in outstanding issues. Although 30 per cent less than in the first quarter, the net inflow during the second quarter continued to be unusually high by historical standards on considerably reduced turnover, reflecting the current depressed state of equity markets generally. New issues of foreign securities sold in Canada and retirements of foreign securities held by Canadians gave rise to offsetting capital movements of \$3 million each, compared with new issues of \$3 million and retirements of \$2 million in the first quarter.

Trading in both foreign and Canadian outstanding issues in the second quarter led on balance to an inflow of \$14 million from the United States, and outflows respectively of \$12 million, \$28 million and \$2 million to the United Kingdom, other European countries, and all other countries. In the year to date these transactions have resulted in net inflows from the United States of \$112 million, and net outflows of \$20 million and \$3 million to European countries other than the United Kingdom, and all other countries, while trading with residents of the United Kingdom has given rise to no net movement of capital.

Net sales (+) or purchases (-) by Canadians	1969P				1970P	
	First	Second	Third	Fourth	First	Second
	quarter	quarter	quarter	quarter	quarter	quarter
	millions of dollars					
<u>Canadian securities</u>						
Outstanding issues - Bonds, etc.	+ 17	- 6	- 12	+ 3	+ 4	- 26
Stocks	+ 37	+ 44	- 4	- 24	- 4	- 83
New issues	+ 616	+ 516	+ 565	+ 370	+ 524	+ 213
Retirements	- 84	- 124	- 53	- 135	- 86	- 244
<u>Foreign securities</u>						
Outstanding issues	- 50	- 6	+ 65	+ 105	+ 116	+ 81
New issues	- 11	- 21	- 5	- 6	- 3	- 3
Retirements	+ 11	+ 19	+ 2	+ 3	+ 2	+ 3
Totals - All securities	+ 536	+ 422	+ 558	+ 316	+ 553	- 59

p Preliminary figures.

Trading in outstanding securities - June 1970

Large-scale outflows for the purchase of Canadian securities in June more than offset net sales of outstanding foreign issues, and led on balance to an outflow of \$23.7 million. Purchases of Canadian debt issues reached the unusually high figure of \$33.8 million of which approximately \$7 million represented sales by United Kingdom residents of bonds just in advance of maturity. International transactions in outstanding Canadian securities gave rise to a net outflow of \$41.9 million, while an inflow of \$18.2 million resulted from net sales by Canadians of foreign issues. Trading in foreign securities followed the pattern generally in evidence of an expanded market in debt issues, while the value of equity transactions plummeted. Geographically, transactions in both Canadian and foreign securities led to net outflows to the United States, United Kingdom, and other European countries of \$13.8 million, \$7.1 million and \$4.4 million respectively, and to a net inflow from other countries of \$1.6 million.

International transactions in selected Canadian short-term money market instruments

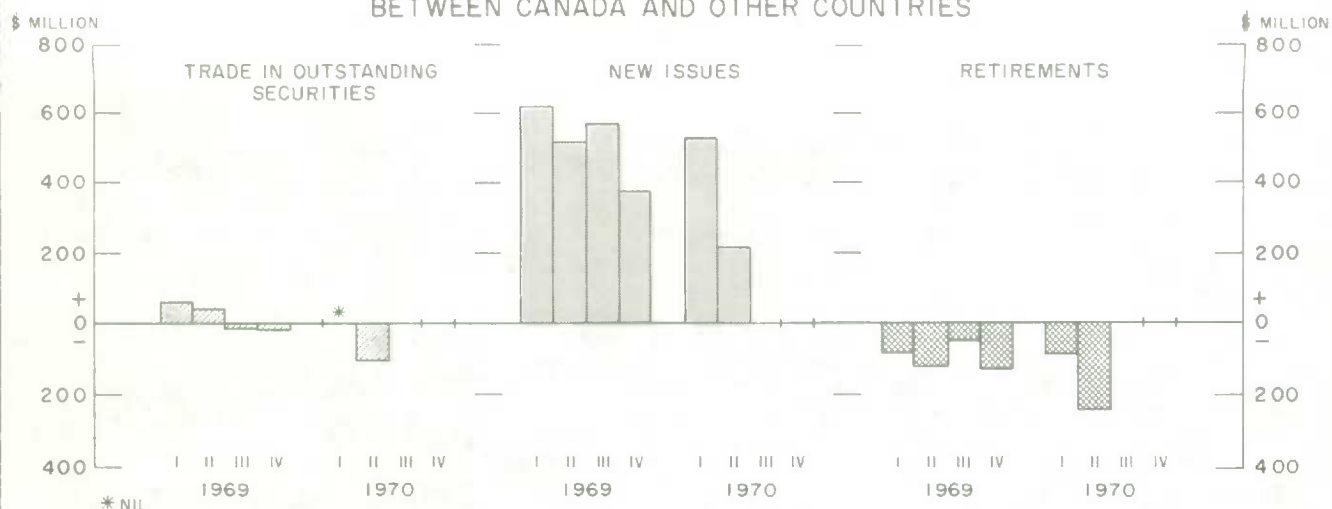
Foreign participation in the Canadian money market increased substantially during the second quarter. Turnover in finance company paper was up by 76 per cent, exceeding \$1.5 billion, and led to a net inflow of \$171 million. Trading in treasury bills and other types of paper was also high, but comparable with first quarter levels, resulting in moderate net capital outflows. Buy-back transactions in long-term government bonds resulted in off-setting capital movements. Non-residents reduced their holdings of Government of Canada treasury bills by \$6 million, while international transactions in commercial paper led to a net outflow of \$7 million and exactly off-set the net inflow from transactions in this class of security in the first quarter. Other short-term paper, including notes of banks, mortgage loan companies, and municipal and provincial governments, led to a sizeable net outflow of \$28 million, compared with a net outflow of \$1 million in the first quarter of 1970 and a net inflow of \$24 million in the fourth quarter of 1969.

Yields on most types of paper were lower in Canada than in the United States on an unhedged basis, but a substantial premium on the forward Canadian dollar provided an incentive to the movement of arbitrage capital, and appears to have had an effect on investment by United States residents in Canadian dollar denominated paper mainly of subsidiaries of United States finance companies. The premium on the forward Canadian dollar, calculated as the average spread between spot and forward noon rates for the month as a whole, stood at 140 basis points in June, more than off-setting the differential between Canadian and United States treasury bills which reached a maximum of 98 basis points in May, expressed on the basis of average monthly yields.

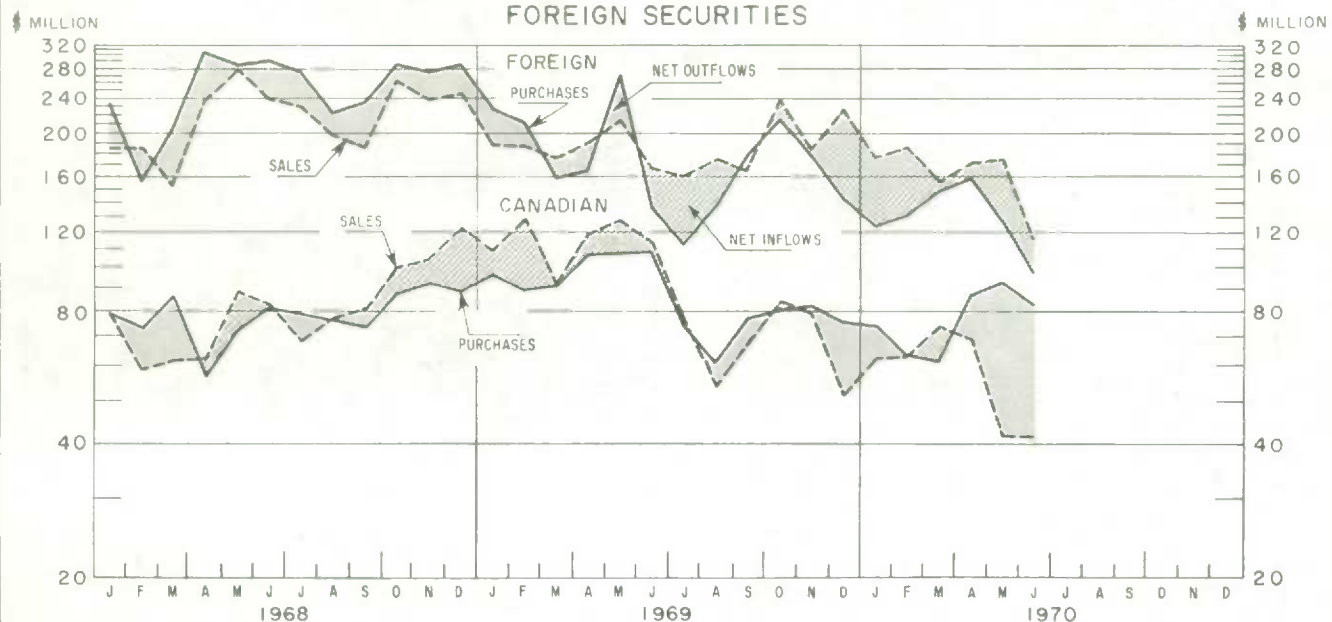
Foreign exchange transactions by the Bank of Canada in April and May to keep the Canadian dollar within its pegged rate caused the Bank to obtain large amounts of Canadian currency to finance these transactions, resulting in a considerable increase in the volume of treasury bills outstanding during the quarter. Spurred by successive reductions in the bank rate to 7 1/2 per cent and 7 per cent, yields on 90-day treasury bills fell fairly steadily from a high of 7.02 per cent in the first week in April to 5.84 per cent in June, before rising slightly at the end of the quarter to 5.94 per cent.

Considerable pressure on the Canadian dollar arose from a number of factors, among which a merchandise trade surplus and large inflows from long-term borrowing abroad by provincial governments in the first quarter were prominent. With the spot rate pushing against the exchange rate ceiling for much of the first quarter, the Bank of Canada removed its limitation on foreign currency swapped deposits of chartered banks at the end of March, thereby hoping to transfer a certain amount of pressure from the spot to the forward rate. Pressure remained heavy on both spot and forward rates, however, and the government announced on May 31 its decision to unpeg the Canadian dollar rather than finance the growth in Canada's foreign exchange reserves. The value of the Canadian dollar immediately rose to around 97¢ (U.S.), and an even larger increase of more than one full percentage point occurred in the forward rate.

PORTFOLIO TRANSACTIONS IN CANADIAN SECURITIES BETWEEN CANADA AND OTHER COUNTRIES



INTERNATIONAL TRANSACTIONS IN OUTSTANDING CANADIAN AND FOREIGN SECURITIES



STOCK PRICE INDEXES

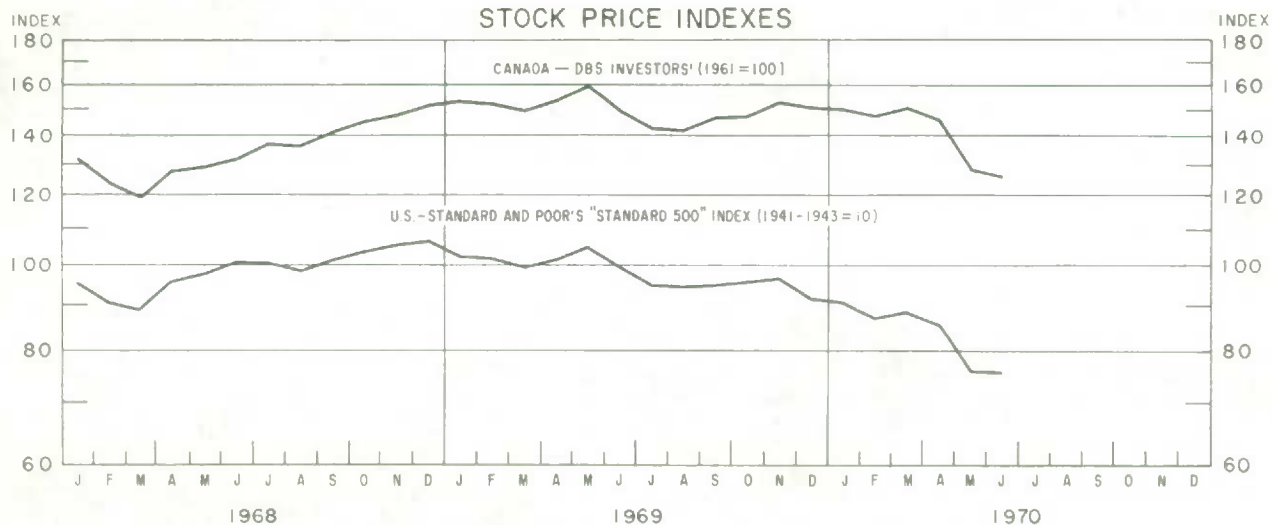


TABLE 1. Trade in Outstanding Canadian Securities between Canada and Other Countries

Period	Total transactions			United States			United Kingdom			Other Europe			Other Countries		
	Sales to	Pur-chases from	Net sales + purch.-	Sales to	Pur-chases from	Net sales + purch.-	Sales to	Pur-chases from	Net sales + purch.-	Sales to	Pur-chases from	Net sales + purch.-	Sales to	Pur-chases from	Net sales + purch.-
millions of dollars															
1968 - Year	989.4	945.1	+ 44.3	505.4	468.5	+ 36.9	178.1	203.5	- 25.4	305.9	273.1	+ 32.8	(1)	(1)	(1)
1969 - Year	1,103.9	1,049.1	+ 54.8	468.6	494.4	- 25.8	271.0	244.9	+ 26.0	275.2	241.3	+ 33.9	89.1	68.4	+ 20.7
1970 - 6 months	351.4	460.9	- 109.5	129.5	209.1	- 79.6	103.0	113.7	- 10.7	102.3	120.6	- 18.3	16.6	3.2	- 0.9
1969 - January	109.7	96.0	+ 13.6	50.7	50.3	+ 0.5	21.5	17.1	+ 4.4	22.9	18.0	+ 4.8	14.6	10.7	+ 3.9
February	129.2	89.5	+ 39.7	42.7	35.2	+ 7.5	28.6	18.8	+ 9.8	39.1	24.0	+ 15.1	18.8	11.5	+ 7.3
March	91.5	90.9	+ 0.6	31.7	40.6	- 9.0	18.9	21.0	- 2.1	29.8	20.6	+ 9.2	11.1	8.7	+ 2.4
1st quarter	330.4	276.5	+ 53.9	125.1	126.1	- 1.0	69.1	56.9	+ 12.2	91.8	62.6	+ 29.1	44.5	30.9	+ 13.6
April	118.8	105.9	+ 12.9	63.4	63.1	+ 0.2	18.9	15.3	+ 3.6	25.8	20.4	+ 5.4	10.7	7.1	+ 3.6
May	127.6	107.8	+ 19.8	68.4	43.2	+ 25.2	25.6	26.0	- 0.4	23.0	29.2	- 6.2	10.5	9.3	+ 1.2
June	113.8	108.2	+ 5.6	55.6	50.8	+ 4.8	20.2	24.4	- 4.2	29.7	26.3	+ 3.3	8.3	6.6	+ 1.6
2nd quarter	360.2	321.9	+ 38.3	187.4	157.2	+ 30.2	64.8	65.7	- 0.9	78.5	75.9	+ 2.6	29.5	23.1	+ 6.4
July	76.2	74.1	+ 2.1	27.4	37.7	- 10.3	23.8	18.4	+ 5.4	20.8	13.9	+ 7.0	4.1	4.1	-
August	54.0	61.5	- 7.5	26.4	34.2	- 7.8	11.6	10.3	+ 1.3	13.1	15.6	- 2.5	2.8	1.4	+ 1.4
September	67.7	77.7	- 10.0	28.3	29.3	- 1.0	22.5	32.8	- 10.2	14.7	14.4	+ 0.3	2.3	1.3	+ 0.9
3rd quarter	197.9	213.3	- 15.4	82.1	101.1	- 19.0	58.0	61.5	- 3.5	48.6	43.9	+ 4.7	9.2	6.8	+ 2.4
October	84.0	80.0	+ 4.0	27.0	40.2	- 13.2	33.0	18.8	+ 14.1	21.3	17.5	+ 3.8	2.8	3.5	- 0.7
November	79.7	81.7	- 2.0	30.0	38.1	- 8.2	25.9	20.7	+ 5.3	21.8	20.7	+ 1.1	2.0	2.2	- 0.2
December	51.7	75.7	- 24.0	17.0	31.6	- 14.7	20.3	21.4	- 1.1	13.3	20.7	- 7.4	1.2	2.0	- 0.8
4th quarter	215.5	237.4	- 21.9	73.9	110.0	- 36.1	79.2	60.9	+ 18.3	56.4	58.9	- 2.5	6.0	7.7	- 1.6
1970 - January	62.0	74.8	- 12.8	23.8	35.0	- 11.2	17.8	17.4	+ 0.4	18.2	19.4	- 1.2	2.2	3.0	- 0.8
February	63.0	63.3	- 0.3	15.7	24.8	- 9.1	23.5	18.5	+ 5.0	20.6	16.3	+ 4.3	3.2	3.7	- 0.5
March	74.0	61.1	+ 12.9	31.9	26.2	+ 5.7	16.4	14.3	+ 2.1	23.4	18.7	+ 4.7	2.3	1.9	+ 0.4
1st quarter	199.0	199.2	- 0.2	71.4	86.0	- 14.6	57.7	50.2	+ 7.5	62.2	54.4	+ 7.8	7.7	8.6	- 0.9
April	69.5	86.5	- 17.0	29.3	42.2	- 12.9	17.5	24.1	- 6.6	19.1	17.1	+ 2.0	3.6	3.1	+ 0.5
May	41.5	91.9	- 50.4	12.6	36.2	- 23.6	14.9	17.7	- 2.8	11.5	35.4	- 23.9	2.5	2.6	- 0.1
June	41.4	83.3	- 41.9	16.2	44.7	- 28.5	12.9	21.7	- 8.8	9.5	13.7	- 4.2	2.8	3.2	- 0.4
2nd quarter	152.4	261.7	- 109.3	58.1	123.1	- 65.0	45.3	63.5	- 18.2	40.1	66.2	- 26.1	8.9	8.9	-
July															
August															
September															
3rd quarter															
October															
November															
December															
4th quarter															

Note: Quarterly totals may include amounts related to transactions not allocable to a particular month.

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

(1) Transactions with countries other than the United States and United Kingdom in 1968 not further broken down.

TABLE 2. Trade in Outstanding Foreign Securities between Canada and Other Countries

Period	Total transactions			United States			United Kingdom			Other Europe			Other 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. -	Sales to	Purchases from	Net sales + purch. -
millions of dollars															
1968 - Year	2,680.2	3,099.7	- 419.5	2,607.2	3,009.0	- 401.8	30.0	40.2	- 10.2	43.0	50.5	- 7.5	(1)	(1)	(1)
1969 - Year	2,287.3	2,172.8	+ 114.5	2,223.2	2,108.9	+ 114.3	34.7	32.8	+ 1.9	17.7	17.6	+ 0.2	11.7	13.5	- 1.9
1970 - 6 months	984.1	786.6	+ 197.5	950.7	759.4	+ 191.3	20.4	9.9	+ 10.5	6.4	8.5	- 2.1	6.6	8.8	- 2.2
1969 - January	189.5	225.9	- 36.5	181.2	217.7	- 36.5	4.8	4.9	- 0.1	2.3	1.6	+ 0.7	1.1	1.7	- 0.5
February	188.7	210.9	- 22.2	183.1	204.5	- 21.5	2.4	3.1	- 0.8	1.2	1.5	- 0.3	2.1	1.8	+ 0.3
March	175.4	159.2	+ 16.2	170.8	155.1	+ 15.7	2.1	2.0	+ 0.1	2.1	1.2	+ 0.9	0.4	0.8	- 0.4
1st quarter	561.9	611.1	- 49.2	543.4	592.4	- 49.0	9.3	10.1	- 0.7	5.6	4.3	+ 1.2	3.7	4.3	- 0.7
April	190.0	164.3	+ 25.7	184.5	159.5	+ 25.1	2.1	1.8	+ 0.4	2.1	2.0	+ 0.2	1.2	1.1	+ 0.1
May	212.1	270.4	- 58.3	204.4	263.6	- 59.2	2.6	2.6	-	3.4	3.4	-	1.7	0.8	+ 0.8
June	166.9	137.4	+ 29.5	165.6	133.8	+ 31.8	0.4	1.2	- 0.8	0.5	0.8	- 0.4	0.3	1.5	- 1.2
2nd quarter	574.0	580.6	- 6.6	559.6	565.3	- 5.7	5.1	5.6	- 0.5	6.0	6.2	- 0.2	3.2	3.4	- 0.3
July	160.2	113.6	+ 46.7	156.0	111.1	+ 44.9	1.4	1.2	+ 0.2	1.1	0.4	+ 0.6	1.8	0.9	+ 0.9
August	172.4	137.4	+ 35.0	168.1	133.7	+ 34.4	3.5	2.6	+ 0.9	0.4	0.8	- 0.4	0.4	0.3	+ 0.1
September	164.0	179.6	- 15.7	160.3	172.7	- 12.4	2.3	4.5	- 2.2	0.8	2.0	- 1.2	0.5	0.4	+ 0.1
3rd quarter	502.6	437.8	+ 64.8	490.4	424.6	+ 65.8	7.2	8.2	- 1.0	2.3	3.3	- 1.0	2.7	1.6	+ 1.2
October	237.9	216.4	+ 21.5	231.5	209.8	+ 21.8	5.3	4.7	+ 0.7	0.5	1.0	- 0.5	0.6	1.0	- 0.4
November	183.8	178.5	+ 5.3	176.8	173.3	+ 3.5	4.9	1.9	+ 2.9	1.3	1.0	+ 0.3	0.8	2.3	- 1.4
December	224.6	143.7	+ 80.9	219.1	138.7	+ 80.3	2.8	2.2	+ 0.5	2.1	1.7	+ 0.4	0.6	1.0	- 0.3
4th quarter	648.7	543.4	+ 105.3	629.7	526.6	+ 103.1	13.0	8.9	+ 4.1	3.9	3.7	+ 0.2	2.1	4.2	- 2.1
1970 - January	177.6	124.8	+ 52.8	172.2	119.9	+ 52.3	3.8	2.7	+ 1.1	0.9	1.7	- 0.8	0.7	0.5	+ 0.2
February	186.8	131.0	+ 55.8	182.9	127.4	+ 55.5	2.3	2.3	-	1.2	0.7	+ 0.5	0.4	0.6	- 0.2
March	155.9	148.3	+ 7.6	150.2	146.0	+ 4.2	4.1	1.0	+ 3.1	0.9	1.0	- 0.1	0.7	0.3	+ 0.4
1st quarter	520.3	404.1	+ 116.2	505.3	393.3	+ 112.0	10.2	6.0	+ 4.2	3.0	3.4	- 0.4	1.8	1.4	+ 0.4
April	170.8	158.2	+ 12.6	163.4	153.0	+ 10.4	4.6	1.8	+ 2.8	2.0	2.4	- 0.4	0.8	1.0	- 0.2
May	175.4	127.3	+ 48.1	170.6	118.8	+ 51.8	2.6	0.8	+ 1.8	0.7	1.8	- 1.1	1.5	5.9	- 4.4
June	115.2	97.0	+ 18.2	109.0	94.3	+ 14.7	3.0	1.3	+ 1.7	0.7	0.9	- 0.2	2.5	0.5	+ 2.0
2nd quarter	463.8	382.5	+ 81.3	445.4	366.1	+ 79.3	10.2	3.9	+ 6.3	3.4	5.1	- 1.7	4.8	7.4	- 2.6
July															
August															
September															
3rd quarter															
October															
November															
December															
4th quarter															

Note: Quarterly totals may include amounts related to transactions not allocable to a particular month.

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

(1) Transactions with countries other than the United States and United Kingdom in 1968 not further broken down.

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

June 1970

Type of issue	Total sales	Total purchases	Net sales + purch.-	United States			United Kingdom			Other Europe			Other 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. -
millions of dollars															
<u>Grand total, Canadian and foreign securities ..</u>	156.6	180.3	- 23.7	125.2	139.0	- 13.8	15.9	23.0	- 7.1	10.2	14.6	- 4.4	5.3	3.7	+ 1.6
<u>Canadian securities, total</u>	41.4	83.3	- 41.9	16.2	44.7	- 28.5	12.9	21.7	- 8.8	9.5	13.7	- 4.2	2.8	3.2	- 0.4
Bonds and debentures	15.2	33.8	- 18.6	2.3	19.1	- 16.8	9.8	12.1	- 2.3	2.5	1.7	+ 0.8	0.6	0.9	- 0.3
Common and pref'd stock	26.2	49.5	- 23.3	13.9	25.6	- 11.7	3.1	9.6	- 6.5	7.0	12.0	- 5.0	2.2	2.3	- 0.1
Other securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Foreign securities, total</u>	115.2	97.0	+ 18.2	109.0	94.3	+ 14.7	3.0	1.3	+ 1.7	0.7	0.9	- 0.2	2.5	0.5	+ 2.0
United States issues:															
Bonds and debentures	12.2	8.4	+ 3.8	11.5	7.5	+ 4.0	0.5	0.3	+ 0.2	0.2	0.3	- 0.1	-	0.3	- 0.3
Common and pref'd stock	99.7	87.2	+ 12.5	97.4	86.6	+ 10.8	0.3	0.3	-	0.1	0.2	- 0.1	1.9	0.1	+ 1.8
United Kingdom issues:															
Bonds and debentures	0.1	-	+ 0.1	-	-	-	0.1	-	+ 0.1	-	-	-	-	-	-
Common and pref'd stock	1.7	0.7	+ 1.0	-	-	-	1.7	0.6	+ 1.1	-	-	-	-	0.1	- 0.1
Other countries issues:															
Bonds and debentures	0.4	0.2	+ 0.2	-	0.1	- 0.1	0.4	0.1	+ 0.3	-	-	-	-	-	-
Common and pref'd stock	1.1	0.4	+ 0.7	0.1	-	+ 0.1	-	-	-	0.4	0.4	-	0.6	-	+ 0.6
Other foreign securities ..	-	0.1	- 0.1	-	0.1	- 0.1	-	-	-	-	-	-	-	-	-
<u>Analysis of bonds and debentures</u>															
Canadian issues:															
Gov't of Canada - Direct	8.1	18.6	- 10.5	0.1	6.3	- 6.2	7.3	11.0	- 3.7	0.6	0.7	- 0.1	0.1	0.6	- 0.5
- Guar.	1.6	3.6	- 2.0	0.3	3.5	- 3.2	1.2	0.1	+ 1.1	0.1	-	+ 0.1	-	-	-
Provincial - Direct	1.4	2.7	- 1.3	0.6	2.5	- 1.9	0.2	-	+ 0.2	0.4	0.2	+ 0.2	0.2	-	+ 0.2
- Guar.	1.7	1.8	- 0.1	0.5	0.8	- 0.3	0.7	0.7	-	0.4	0.2	+ 0.2	0.1	0.1	-
Municipal	0.9	2.7	- 1.8	0.2	2.6	- 2.4	0.1	0.1	-	0.6	-	+ 0.6	-	-	-
Corporations	1.5	4.4	- 2.9	0.6	3.4	- 2.8	0.3	0.2	+ 0.1	0.4	0.6	- 0.2	0.2	0.2	-
United States issues:															
Government	2.5	1.1	+ 1.4	2.5	1.1	+ 1.4	-	-	-	-	-	-	-	-	-
Eurobond	0.7	0.2	+ 0.5	0.1	0.1	-	0.5	0.1	+ 0.4	0.1	-	+ 0.1	-	-	-
Other	9.0	7.1	+ 1.9	8.9	6.3	+ 2.6	-	0.2	- 0.2	0.1	0.3	- 0.2	-	0.3	- 0.3

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

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

Six months ending June 1970

Type of issue	Total sales	Total purchases	Net sales + purch. -	United States			United Kingdom			Other Europe			Other 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. -
millions of dollars															
<u>Grand total, Canadian and foreign securities ..</u>	1,335.5	1,247.5	+ 88.0	1,080.2	968.5	+ 111.7	123.4	123.6	- 0.2	108.7	129.1	- 20.4	23.2	26.3	- 3.1
<u>Canadian securities, total</u>	351.4	460.9	- 109.5	129.5	209.1	- 79.6	103.0	113.7	- 10.7	102.3	120.6	- 18.3	16.6	17.5	- 0.9
Bonds and debentures	93.2	115.9	- 22.7	17.3	56.9	- 39.6	53.0	49.0	+ 4.0	20.2	7.4	+ 12.8	2.7	2.6	+ 0.1
Common and pref'd stock	257.9	345.0	- 87.1	111.9	152.2	- 40.3	50.0	64.7	- 14.7	82.1	113.2	- 31.1	13.9	14.9	- 1.0
Other securities	0.3	-	+ 0.3	0.3	-	+ 0.3	-	-	-	-	-	-	-	-	-
<u>Foreign securities, total</u>	984.1	786.6	+ 197.5	950.7	759.4	+ 191.3	20.4	9.9	+ 10.5	6.4	8.5	- 2.1	6.6	8.8	- 2.2
United States issues:															
Bonds and debentures	66.8	66.3	+ 0.5	61.1	61.3	- 0.2	3.5	2.9	+ 0.6	1.8	1.3	+ 0.5	0.4	0.8	- 0.4
Common and pref'd stock	895.8	709.7	+ 186.1	884.3	695.4	+ 188.9	3.8	1.8	+ 2.0	2.9	5.4	- 2.5	4.8	7.1	- 2.3
United Kingdom issues:															
Bonds and debentures	0.4	1.7	- 1.3	-	1.3	- 1.3	0.4	0.2	+ 0.2	-	0.2	- 0.2	-	-	-
Common and pref'd stock	9.1	2.5	+ 6.6	1.4	-	+ 1.4	7.7	2.1	+ 5.6	-	-	-	-	0.4	- 0.4
Other countries issues:															
Bonds and debentures	6.0	3.4	+ 2.6	0.7	0.2	+ 0.5	4.2	2.4	+ 1.8	0.8	0.6	+ 0.2	0.3	0.2	+ 0.1
Common and pref'd stock	5.6	2.7	+ 2.9	2.8	0.9	+ 1.9	0.8	0.5	+ 0.3	0.9	1.0	- 0.1	1.1	0.3	+ 0.8
Other foreign securities ..	0.4	0.3	+ 0.1	0.4	0.3	+ 0.1	-	-	-	-	-	-	-	-	-
<u>Analysis of bonds and debentures</u>															
Canadian issues:															
Gov't of Canada - Direct	49.3	65.4	- 16.1	2.5	17.8	- 15.3	41.0	42.7	- 1.7	4.7	3.4	+ 1.3	1.1	1.5	- 0.4
- Guar.	4.8	6.6	- 1.8	1.3	5.2	- 3.9	2.2	0.6	+ 1.6	1.3	0.8	+ 0.5	-	-	-
Provincial - Direct	11.5	13.2	- 1.7	4.2	10.2	- 6.0	3.4	2.3	+ 1.1	3.5	0.7	+ 2.8	0.4	-	+ 0.4
- Guar.	11.4	9.1	+ 2.3	3.6	6.4	- 2.8	2.9	1.7	+ 1.2	4.5	0.9	+ 3.6	0.4	0.1	+ 0.3
Municipal	5.2	9.3	- 4.1	1.0	7.7	- 6.7	1.3	0.9	+ 0.4	2.9	0.5	+ 2.4	-	0.2	- 0.2
Corporations	11.0	12.3	- 1.3	4.7	9.6	- 4.9	2.2	0.8	+ 1.4	3.3	1.1	+ 2.2	0.8	0.8	-
United States issues:															
Government	11.6	11.3	+ 0.3	11.4	11.3	+ 0.1	-	-	-	0.2	-	+ 0.2	-	-	-
Eurobond	3.7	5.3	- 1.6	0.2	2.2	- 2.0	2.7	2.2	+ 0.5	0.4	0.6	- 0.2	0.4	0.3	+ 0.1
Other	51.5	49.7	+ 1.8	49.5	47.8	+ 1.7	0.8	0.7	+ 0.1	1.2	0.7	+ 0.5	-	0.5	- 0.5

TABLE 5. Trade in Outstanding Canadian Bonds and Debentures and Canadian Common and Preference Stocks between Canada and Other Countries

June 1970

Period	Canadian bonds and debentures(1)						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. -
millions of dollars												
1968 - Year	172.7	242.5	- 69.8	66.8	134.1	- 67.3	816.7	702.7	+ 114.0	438.5	334.4	+ 104.1
1969 - Year	223.7	222.1	+ 1.6	75.8	103.6	- 27.8	880.2	827.0	+ 53.2	392.7	390.8	+ 1.9
1970 - 6 months	93.5	115.9	- 22.4	17.6	56.9	- 39.3	257.9	345.0	- 87.1	111.9	152.2	- 40.3
1969 - January	9.1	7.5	+ 1.6	4.8	4.4	+ 0.4	100.6	88.5	+ 12.0	45.9	45.9	+ 0.1
February	22.6	11.5	+ 11.1	7.2	4.9	+ 2.3	106.6	78.0	+ 28.6	35.5	30.3	+ 5.2
March	21.3	16.8	+ 4.4	5.0	5.9	- 0.9	70.2	74.1	- 3.9	26.6	34.7	- 8.1
1st quarter	53.0	35.9	+ 17.1	17.0	15.2	+ 1.8	277.4	240.6	+ 36.8	108.1	110.9	- 2.8
April	31.6	27.8	+ 3.8	18.6	21.0	- 2.3	87.2	78.1	+ 9.0	44.8	42.2	+ 2.6
May	14.1	21.6	- 7.5	3.4	8.2	- 4.8	113.4	86.1	+ 27.3	65.1	35.0	+ 30.1
June	15.2	17.8	- 2.7	4.2	8.2	- 4.0	98.6	90.4	+ 8.2	51.4	42.7	+ 8.7
2nd quarter	61.0	67.2	- 6.3	26.2	37.3	- 11.1	299.2	254.7	+ 44.5	161.3	119.9	+ 41.4
July	24.9	21.8	+ 3.1	8.4	9.9	- 1.5	51.3	52.3	- 1.0	19.0	27.7	- 8.8
August	12.0	13.9	- 1.9	6.2	9.7	- 3.5	42.0	47.7	- 5.7	20.3	24.5	- 4.2
September	18.3	31.2	- 12.9	4.1	10.3	- 6.1	49.4	46.5	+ 2.9	24.1	19.0	+ 5.1
3rd quarter	55.2	66.8	- 11.6	18.7	29.9	- 11.2	142.6	146.5	- 3.8	63.4	71.3	- 7.9
October	23.7	18.1	+ 5.7	6.6	8.8	- 2.2	60.3	61.9	- 1.6	20.4	31.4	- 11.1
November	17.7	14.7	+ 3.0	5.0	5.8	- 0.8	62.0	67.0	- 5.0	25.0	32.3	- 7.3
December	13.1	19.4	- 6.3	2.3	6.6	- 4.3	38.6	56.3	- 17.7	14.6	25.0	- 10.4
4th quarter	54.5	52.1	+ 2.4	13.9	21.2	- 7.3	160.9	185.3	- 24.4	60.0	88.8	- 28.8
1970 - January	9.0	11.8	- 2.8	1.4	4.8	- 3.4	53.0	63.0	- 10.0	22.4	30.2	- 7.8
February	18.4	14.1	+ 4.3	2.0	3.8	- 1.8	44.6	49.2	- 4.6	13.7	21.0	- 7.3
March	13.0	10.5	+ 2.5	2.3	6.7	- 4.4	61.0	50.6	+ 10.4	29.6	19.5	+ 10.1
1st quarter	40.4	36.4	+ 4.0	5.7	15.3	- 9.6	158.6	162.8	- 4.2	65.7	70.7	- 5.0
April	21.0	25.5	- 4.5	6.9	12.7	- 5.8	48.5	61.0	- 12.5	22.4	29.5	- 7.1
May	16.9	20.2	- 3.3	2.7	9.8	- 7.1	24.6	71.7	- 47.1	9.9	26.4	- 16.5
June	15.2	33.8	- 18.6	2.3	19.1	- 16.8	26.2	49.5	- 23.3	13.9	25.6	- 11.7
2nd quarter	53.1	79.5	- 26.4	11.9	41.6	- 29.7	99.3	182.2	- 82.9	46.2	81.5	- 35.3
July												
August												
September												
3rd quarter												
October												
November												
December												
4th quarter												

(1) Includes also minor amounts of "Other" Canadian securities.

Note: Quarterly totals may include amounts related to transactions not allocable to a particular month.

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

TABLE 6. Transactions in Canadian Securities between Canada and Other Countries

Type of issue	1968	1969					1970	
	Total	First quarter	Second quarter	Third quarter	Fourth quarter	Total	First quarter	Second quarter
millions of dollars								
<u>Trade in Outstanding Canadian Securities between Canada and Other Countries</u>								
Bonds and debentures:								
Government of Canada - Direct	- 11	+ 6	+ 10	-	+ 7	+ 23	+ 2	- 18
- Guaranteed	- 7	-	+ 1	-	-	+ 1	-	- 2
Provincial government - Direct	- 33	- 3	- 8	- 10	- 5	- 26	+ 1	- 2
- Guaranteed	- 7	+ 9	+ 2	- 2	+ 4	+ 13	+ 2	-
Municipal government (including institutions)	- 12	- 3	- 1	- 1	- 1	- 6	- 1	- 3
Corporations	- 12	+ 8	- 10	+ 1	- 2	- 3	-	- 1
Sub-totals, bonds and debentures	- 70	+ 17	- 6	- 12	+ 3	+ 2	+ 4	- 26
Common and preference stocks	+ 114	+ 37	+ 44	- 4	- 24	+ 53	- 4	- 83
Totals	+ 44	+ 54	+ 38	- 16	- 21	+ 55	-	- 109
<u>Proceeds of New Issues of Canadian Securities Sold to Non-residents</u>								
Bonds and debentures:								
Government of Canada - Direct	288	16	9	5	4	34	2	8
- Guaranteed	-	-	-	-	-	-	-	-
Provincial government - Direct	538	240	148	204	117	709	158	58
- Guaranteed	314	95	58	125	81	359	95	10
Municipal government (including institutions)	124	17	95	21	48	181	51	20
Corporations	586	175	123	171	102	571	182	109
Sub-totals, bonds and debentures	1,850	543	433	526	352	1,854	488	205
Common and preference stocks	67	73	83	39	18	213	36	8
Totals	1,917	616	516	565	370	2,067	524	213
<u>Retirements of Canadian Securities Held by Non-residents</u>								
Bonds and debentures:								
Government of Canada - Direct	48	-	49	9	25	83	3	127
- Guaranteed	9	-	-	-	-	-	-	-
Provincial government - Direct	35	23	12	7	7	49	16	6
- Guaranteed	41	17	5	12	10	44	18	42
Municipal government (including institutions)	60	15	14	10	49	88	23	16
Corporations	233	29	43	15	44	131	26	53
Sub-totals, bonds and debentures	426	84	123	53	135	395	86	244
Common and preference stocks	5	-	1	-	-	1	-	-
Totals	431	84	124	53	135	396	86	244

TABLE 7. Offerings and Deliveries of New Issues of Canadian Bonds and Debentures Sold to Residents of the United States

	1968	1969					1970	
	Total	First quarter	Second quarter	Third quarter	Fourth quarter	Total	First quarter	Second quarter
millions of dollars								
Undelivered balance, beginning of period	374	923	948	948	800	923	784	706
Offerings of current period	1,884	398	272	246	233	1,149	332	55
Sub-total	2,258	1,321	1,220	1,194	1,033	2,072	1,116	761
Deduct:								
Proceeds of offerings of current period	1,095	188	180	190	170	938	331	55
Proceeds of offerings of prior periods	240	185	92	204	79	350	79	85
Sub-total	1,335	373	272	394	249	1,288	410	140
Undelivered balance, end of period	923	948	948	800	784	784	706	621

TABLE 8. International Transactions in Selected Canadian Short-Term Money Market Instruments(1)

Item	All countries						United States					
	Sales to		Repurchases and maturities		Net sales + repurch. -		Sales to		Repurchases and maturities		Net sales + repurch. -	
	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970
millions of dollars												
<u>Government of Canada Treasury Bills</u>												
First quarter	132	229	119	223	+ 13	+ 6	54	43	54	46	-	- 3
Second quarter	221	243	231	249	- 10	- 6	53	47	48	47	+ 5	-
Third quarter	267		254		+ 13		90		90		-	
Fourth quarter	179		160		+ 19		3		5		- 2	
Year	799		764		+ 35		200		197		+ 3	
<u>Buy-back transactions(2)</u>												
First quarter	1	-	1	-	-	-	-	-	-	-	-	-
Second quarter	-	11	-	11	-	-	-	-	-	-	-	-
Third quarter	14		14		-		-		-		-	
Fourth quarter	-		-		-		-		-		-	
Year	15		15		-		-		-		-	
<u>Finance company paper</u>												
First quarter	359	422	200	498	+ 159	- 76	346	416	192	498	+ 154	- 82
Second quarter	601	896	530	725	+ 71	+ 171	596	806	514	642	+ 82	+ 124
Third quarter	575		646		- 71		567		638		- 71	
Fourth quarter	561		544		+ 17		547		523		+ 24	
Year	2,096		1,920		+ 176		2,056		1,867		+ 189	
<u>Commercial paper(3)</u>												
First quarter	43	285	44	278	- 1	+ 7	39	111	38	104	+ 1	+ 7
Second quarter	68	291	45	298	+ 23	- 7	63	187	42	194	+ 21	- 7
Third quarter	58		73		- 15		46		62		- 16	
Fourth quarter	123		88		+ 35		95		57		+ 38	
Year	292		250		+ 42		243		199		+ 44	
<u>Other short-term paper(4)</u>												
First quarter	75	47	77	48	- 2	- 1	60	47	73	48	- 13	- 1
Second quarter	32	14	53	42	- 21	- 28	31	13	38	41	- 7	- 28
Third quarter	19		24		- 5		16		20		- 4	
Fourth quarter	48		23		+ 25		35		11		+ 24	
Year	174		177		- 3		142		142		-	
<u>Totals</u>												
First quarter	610	983	441	1,047	+ 169	- 64	499	617	357	696	+ 142	- 79
Second quarter	922	1,455	859	1,325	+ 63	+ 130	743	1,053	642	924	+ 101	+ 129
Third quarter	933		1,011		- 78		719		810		- 91	
Fourth quarter	911		815		+ 96		680		596		+ 84	
Year	3,376		3,126		+ 250		2,641		2,405		+ 236	

(1) The classification "Other finance company obligations" previously included in this statement, consisting of bank loans and inter-company accounts, can be obtained from the "Quarterly Estimates of the Canadian Balance of International Payments" (DBS Catalogue No. 67-001), where a more comprehensive presentation and analysis on Canada's capital movements in short-term forms is given.

(2) Based on Government of Canada securities having an original term over one year.

(3) Including bankers' acceptances.

(4) Including notes of banks, mortgage loan companies and municipal and provincial governments.

TABLE 9. Selected Capital Market Statistics

Year & month	Stock prices		Selected capital market yields								Premium (+) or dis- count (-) on forward United States dollar(5)
	Canada DBS Investors' price index r	United States Standard & Poor's "Standard 500"	Long-term			Short-term					
			Canadian industrials average(1)	Government of Canada average(2)	United States Government average(3)	Canadian finance company(2) r	Euro- dollar(4)	Treasury bills			
								Canadian(2)	United States(2)	U.S. adj. to Canadian quotation basis	
	1961=100	1941-43=10									
1965 - March	135.7	86.83	5.50	5.06	4.15	4.43		3.62	3.92	4.01	- .30
June	131.2	85.04	5.64	5.16	4.14	4.81		3.93	3.78	3.87	- .41
September	132.3	85.32	5.83	5.32	4.25	5.22		4.13	3.98	4.08	+ .49
December	131.0	91.73	6.05	5.40	4.43	6.09		4.54	4.46	4.57	+ .69
1966 - March	131.9	88.88	6.22	5.58	4.63	6.07	N.A.	5.06	4.56	4.68	+ .21
June	128.6	86.06	6.30	5.66	4.63	6.28		5.00	4.44	4.55	+ .14
September	115.1	77.81	6.83	5.75	4.79	6.40		5.01	5.50	5.66	- .29
December	116.5	81.33	6.83	5.76	4.65	6.63		4.96	4.75	4.87	- .33
1967 - March	129.2	89.42	6.65	5.48	4.45	5.39		4.13	4.15	4.25	- .13
June	131.5	91.43	7.07	5.87	4.86	5.54		4.28	3.46	3.54	+ .25
September	136.4	95.81	7.43	6.19	4.99	5.95		4.76	4.63	4.75	+ 1.18
December	130.9	95.30	7.59	6.54	5.36	6.57	6.25	5.95	4.99	5.87	+ .50
1968 - March	118.9	89.09	7.93	6.91	5.39	7.39	6.25	6.98	5.19	5.33	+ 1.91
June	131.5	100.53	8.05	6.62	5.23	7.20	6.75	6.56	5.24	5.38	+ 1.26
September	141.6	101.34	7.82	6.60	5.09	6.19	6.19	5.66	5.15	5.29	+ .90
December	151.9	106.48	8.18	7.27	5.65	6.65	7.06	6.24	6.20	6.39	+ .37
1969 - March	149.2	99.30	8.43	7.22	6.05	7.04	8.44	6.58	5.95	6.12	- .58
June	149.5	99.14	8.89	7.50	6.06	7.82	10.50	7.13	6.52	6.72	- 1.58
September	146.8	94.51	8.91	7.81	6.32	8.43	11.31	7.77	7.16	7.39	- .50
December	156.2	91.11	9.29	8.33	6.81	9.17	10.13	7.81	8.10	8.38	- .06
1970 - January	150.0	90.31	9.32	8.31	6.86	8.84	9.56	7.78	7.89	8.16	+ .19
February	147.1	87.16	9.28	8.13	6.44	8.59	9.31	7.60	6.81	7.03	+ .28
March	150.3	88.65	9.24	7.93	6.39	7.89	8.50	7.00	6.26	6.45	+ .08
April	146.1	85.95	9.21	8.04	6.53	7.70	8.56	6.78	6.88	7.10	- .18
May	128.3	76.06	9.28	8.23	6.94	7.88	9.06	6.34	7.13	7.36	- .39
June	126.1	75.59	9.24	8.09	6.99	7.31	9.00	5.94	6.63	6.84	- 1.40
July											
August											
September											
October											
November											
December											

(1) Source: McLeod, Young, Weir and Company Limited. Average term to maturity about 20 years; composition of portfolio available upon request from McLeod, Young, Weir and Company.

(2) Source: Bank of Canada.) Treasury bill rates average of tenders on 90-day bills bid in last week of each month.

(3) Source: United States Federal Reserve Bulletin.) United States bills quoted as percentage of maturity value for 360-day year. Long-term government averages include all issues due or callable in 10 years or more.

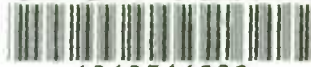
(4) Source: Morgan Guaranty Trust Company. Prime banks' bid for 3-month Euro-dollar deposits in London.

(5) Rates per annum computed on basis of average 90-day forward spread on the spot noon rates.

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