

# SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES 

FEBRUARY 1971

Published by Authority of
The Minister of Industry, Trade and Commerce

DOMINION BUREAU OF STATISTICS<br>Balance of Payments and Financial<br>Flows Division<br>Balance of Payments Section

Review of international trade in outstanding securities, February 19703

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FEBRUARY 1971

As in January, the inflow from net sales of foreign securities to nonresidents exceeded the outflow for net purchases of Canadian securities from other countries, and resulted during February in an overall net inflow of almost $\$ 7$ million. The trading pattern was also similar to January's; net inflows of $\$ 17$ million from the United States, $\$ 1$ million from "Other Europe", and $\$ 3$ million from "Other Countries", were reduced by a net outflow of over $\$ 14$ million to the United Kingdom.

Net purchases of Canadian securities, at $\$ 17$ million, were lower than the corresponding outflow of $\$ 28$ million in January. The February outflow was almost evenly distributed between debt and equity issues in contrast to the January outflow which occurred primarily in equities. Gross trading was slightly higher in February than in the previous month, but at $\$ 150$ million it was still relatively light. Net purchases of Canadian issues from United Kingdom residents, at $\$ 15$ million, reached their highest level since a series of net outflows to that country began in April 1970.

Trading in foreign securities resulted in a net inflow of $\$ 24$ milion, compared with $\$ 34$ million in January. Net sales of United States equities were concurrent with a substantially larger increase in stock prices (as represented by the Standard and Poor's "500" and DBS Investors' price indexes) in the United States than in Canada.

In the first two months of 1971, portfolio transactions in outstanding securities gave rise to net inflows of over $\$ 12$ million. Net inflows of $\$ 31$ million from the United States, $\$ 2$ million from "Other Europe", and over $\$ 5$ million from "Other Countries" were reduced by net outflows of $\$ 26$ million to the United Kingdom. By comparison, in the first two months of 1970 net inflows of $\$ 96$ million were made up of net inflows of $\$ 88$ million from the United States, over $\$ 6$ miliion from the United Kingdom, and $\$ 3$ million from other European countries, and a net outflow of $\$ 1$ million to all other countries.


Note: Quarterly totals may include amounts related to transactions not allocable to a particular month
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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 3. Trade in Outstanding Securities between Canada and Other Countries
February 1971


Two months ending February 28, 1971

| Type of issue | Total sales | $\begin{aligned} & \text { Total } \\ & \text { pur- } \\ & \text { chases } \end{aligned}$ | Net sales + purch. | United States |  |  | United Kingdom |  |  | Other Europe |  |  | Other Countries |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | $\begin{aligned} & \text { Sales } \\ & \text { to } \end{aligned}$ | Puxchases from | $\begin{gathered} \text { Net } \\ \text { sales }+ \\ \text { purch. } \end{gathered}$ | $\begin{aligned} & \text { Sales } \\ & \text { to } \end{aligned}$ | Pur chases from | $\begin{gathered} \text { Net } \\ \text { sales }+ \\ \text { purch. } \end{gathered}$ | $\begin{gathered} \text { Sales } \\ \text { to } \end{gathered}$ | Purchases from | $\begin{gathered} \text { Net } \\ \text { sales }+ \\ \text { purch. } \end{gathered}$ | $\begin{aligned} & \text { Sales } \\ & \text { to } \end{aligned}$ | Pur = chases from | $\begin{gathered} \text { Net } \\ \text { sales }+ \\ \text { purch. } \end{gathered}$ |
|  | millions of dollars |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Canadian securities, total | 122.9 | 168.7 | - 45.8 | 43.5 | 70.1 | - 26.6 | 16.3 | 40.6 | - 24.3 | 49.9 | 48.5 | + 1.4 | 13.2 | 9.5 | + 3.7 |
| Bonds and debentures .... | 24.1 98.8 | 37.4 | -13.3 | 7.7 | 15.1 | - 7.4 | 5.2 | 10.8 | - 5.6 | 7.4 | 9.1 | - 1.7 | 3.8 | 2.4 | + 1.4 |
| Comanon and pref'd stock Other securities ......... | 98.8 | 131.3 | - 32.5 | 35.8 - | 55.0 - | - 19.2 | 11.1 | 29.8 | -18.7 - | 42.5 $=$ | 39.4 | +3.1 | 9.4 | 7.1 | +2.3 |
| Foreign securities, total | 402.0 | 343.8 | + 58.2 | 385.0 | 327.5 | + 57.5 | 5.3 | 7.3 | - 2.0 | 6.0 | 5.3 | $+0.7$ | 5.7 | 3.7 | $+2.0$ |
| United States issues: <br> Bonds and debentures .... | 47.2 | 35.3 | + 11.9 | 41.0 | 31.1 | + 9.9 | 2.5 | 2.3 | + 0.2 | 2.3 | 1.3 | +1.0 | 1.4 | 0.6 | + 0.8 |
| Common and pref'd stock | 343.1 | 299.5 | + 43.6 | 340.9 | 295.3 | + 45.6 | 0.2 | 1.1 | - 0.9 | 0.8 | 1.8 | - 1.0 | 1.2 | 1.3 | - 0.1 |
| United Kingdom issues: <br> Bonds and debentures .... | 0.2 | 0.2 | - | - | - | - | - | - | - | 0.2 | 0.2 | - | - | - | - |
| Common and pref'd stock | 2.8 | 2.3 | + 0.5 | 2.7 | - | + 2.7 | 0.1 | 2.1 | - 2.0 | 0.2 | 0.2 | - | - | 0.2 | - 0.0 |
| Other countries issues: <br> Bonds and debentures.... | 5.2 | 3.0 | + 2.2 | - | - | - | 2.1 | 1.6 | + 0.5 | 2.1 | 1.2 | + 0.9 | 1.0 | 0.2 |  |
| common and pref'd stock | 3.4 | 3.2 | + 0.2 | 0.3 | 0.8 | $=0.5$ | 0.4 | 0.2 | + 0.2 | 0.6 | 0.8 | -0.2 | 2.1 | 1.4 | +0.8 +0.7 |
| Other foreign securities .. | 0.1 | 0.3 | - 0.2 | 0.1 | 0.3 | - 0.2 | - | - | - | - | - | - | - | - | - |
| Analysis of bonda and debentures |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Canadian issues: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Guar. | 1.0 | 2.1 | - 1.1 | 0.1 | 0.3 | - 0.2 | 0.2 | 0.6 | $=0.9$ | 2.1 0.7 | 3.3 0.9 | - 1.2 | 0.4 | 1.4 0.3 | -1.0 $-\quad 0.3$ |
| Provincial - Direct ..... | 2.3 | 4.7 | - 2.4 | 0.8 | 2.8 | - 2.0 | 0.5 | 0.6 | - 0.1 | 0.8 | 0.9 | - 0.1 | 0.2 | 0.4 | - 0.2 |
| - Guar. ...... | 8.8 | 9.8 | - 1.0 | 2.1 | 5.0 | - 2.9 | 1.5 | 3.9 | - 2.4 | 2.3 | 0.9 | + 1.4 | 2.9 | - | +2.9 |
| Municipal ............... | 0.3 | 1.8 | - 1.5 | 0.1 | 1.7 | - 1.6 | - | 0.1 | - 0.1 | 0.1 | - | + 0.1 | 0.1 | - | + 0.1 |
| Corporations ............ | 6.1 | 7.8 | - 1.7 | 3.5 | 1.7 | + 1.8 | 1.0 | 2.7 | - 1.7 | 1.4 | 3.1 | - 1.7 | 0.2 | 0.3 | - 0.1 |
| United States issues: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eurobond . ............... | 4.7 | 3.4 | + 1.3 | 0.2 | 0.2 | + 1.0 | 2.3 | 2.0 | + 0.3 | 1.9 | 0.8 | $+1.1$ | 0.3 | 0.4 | - 0.1 |
| Other .................... | 40.5 | 30.9 | + 9.6 | 38.9 | 30.0 | + 8.9 | 0.2 | 0.3 | - 0.1 | 0.3 | 0.4 | - 0.1 | 1.1 | 0.2 | + 0.9 |

TABLE 5. Trade in Outstanding Canadian Bonds and Debentures and Canadian Common and Preference Stocks between Canada and other Countries
February 1970

(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 sums of component parts.

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


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


(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 Intcrnational Pavments" (DBS Catalogue No. 67-001), where a more comprehensive presentation and analisis on (cumde's ciritill movents in stolt tem forms is given.
(2) Based on Goverment of Canada securities having an original term over one yeit.
(3) Including bankers' acceptances.
(4) Including notes of banks, mortgage loan companies and municipal and provincia! governatnis

TABLE y. Selected Capital Market Statistics

| Year \& month | Stock prices |  | Selected capital market yields |  |  |  |  |  |  |  | Premium ( + ) or dis= count ( - ) on forward United States dollar (5) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | ```Canada ``` | United States Standard ac Poor's "Standard $500^{\prime \prime}$ | Long-term |  |  | Short-term |  |  |  |  |  |
|  |  |  | Canadian industrials average(1) | Government of Canada average (2) | United States Govermment average (3) 5 | Canadian finance company (2) | $\begin{gathered} \text { Euro- } \\ \text { dollar (4) } \end{gathered}$ | Treasury bills |  |  |  |
|  |  |  |  |  |  |  |  | Canadian(2) | United States (2) | $\begin{gathered} \text { U.S. adf. to } \\ \text { Canadian } \\ \text { quotation } \\ \text { basis } \end{gathered}$ |  |
| 1966-March ... | 1961=100 | 1941-43=10 |  |  |  |  |  |  |  |  |  |
|  | 131.9 | 88.88 | 6.22 | 5.58 | 4.57 | 6.07 | N.A. | 5.05 | 4.56 | 4.68 | + . 21 |
|  | 128.6 | 86.06 | 6.30 | 5.66 | 4.59 | 6.28 |  | 5.00 | 4.44 | 4.55 | + . 14 |
|  | 115.1 | 77.81 | 6.83 | 5.75 | 4.82 | 6.40 |  | 5.01 | 5.50 | 5.66 | - . 29 |
|  | 116.5 | 81.33 | 6.83 | 5.76 | 4.54 | 6.63 |  | 4.96 | 4.75 | 4.87 | -. 33 |
| 1967- March ... | 129.2 | 89.42 | 6.65 | 5.48 | 4.42 | 5.39 |  | 4.13 | 4.15 | 4.25 |  |
|  | 131.5 | 91.43 | 7.07 | 5.87 | 4.93 | 5.54 |  | 4.28 | 3.46 | 3.54 | + . 25 |
|  | 136.4 | 95.81 | 7.43 | 6.19 | 5.04 | 5.95 |  | 4.76 | 4.63 | 4.75 | +1.18 |
|  | 130.9 | 95.30 | 7.59 | 6.54 | 5.35 | 6.57 | 6.25 | 5.95 | 4.99 | 5.87 | + . 50 |
|  | 118.9 | 89.09 | 7.93 | 6.91 | 5.42 | 7.39 | 6.25 | 6.98 | 5.19 | 5.33 | +1.91 |
|  | 131.5 | 100.53 | 8.05 | 6.62 | 5.15 | 7.20 | 6.75 | 6.56 | 5.24 | 5.38 | +1.26 |
|  | 141.6 | 101.34 | 7.82 | 6.60 | 5.09 | 6.19 | 6.19 | 5.66 | 5.15 | 5.29 | + . 90 |
|  | 151.9 | 106.48 | 8.18 | 7.27 | 5.82 | 6.65 | 7.06 | 6.24 | 6.20 | 6.39 | + . 37 |
| 1969 - March ... $\begin{aligned} & \text { June } \\ & \\ & \text { September } \\ & \text { December }\end{aligned}$ | 149.2 | 99.30 | 8.43 | 7.22 | 6.07 | 7.04 | 8.44 | 6.58 | 5.95 | 6.12 | -. 58 |
|  | 149.5 | 99.14 | 8.89 | 7.50 | 6.04 | 7.82 | 10.50 | 7.13 | 6.52 | 6.72 | - 1.58 |
|  | 146.8 | 94.51 | 8.91 | 7.81 | 6.41 | 8.43 | 11.34 | 7.77 | 7.15 | 7.39 | -. 50 |
|  | 156.2 | 91.11 | 9.29 | 8.33 | 6.92 | 9.17 | 10.13 | 7.81 | 8.10 | 8.38 | - . 06 |
| 1970-March ... | 150.3 | 88.65 |  |  |  |  |  |  |  |  |  |
|  | 126.1 | 75.59 | 9.24 | 8.09 | 6.59 | 7.31 | 9.00 | 5.94 | 6.63 | 6.84 | - 1.40 |
|  | 134.6 | 82.58 | 9.19 | 7.88 | 6.52 | 6.70 | 8.38 | 5.39 | 5.81 | 5.98 | - . 66 |
|  | 142.5 | 90.05 | 8.83 | 6.99 | 6.05 | 5.57 | 6.44 | 4.44 | 4.83 | 4.96 | - .42 |
|  | 146.3 | 93.54 | 8.19 | 6.67 | 5.78 | 5.45 | 5.81 | 4.68 | 4.20 | 4.30 | + . 72 |
|  | 146.7 | 97.11 | 8.35 | 6.85 | 5.92 | 5.05 | 5.44 | 4.06 | 3.50 | 3.58 | $+1.03$ |
|  |  |  |  |  |  |  |  |  |  |  |  |
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(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 Limited. Wednesday average yield.
) Treasury bill rates: average of tenders on $90-\mathrm{day}$ bills bid in last week of each month. United States bills,
(2) Source: Bank of Canada. ) quoted as percentage of marity value for 360 -day year. Long-term government averages include all issues due
(3) Source: laited States
4) Source: Morgan Guaranty Trust Company. Prime banks' bid for 3 month Euro-dollar deposits in London, at or near end of month.
(5) Rates per annum computed on basis of average 90 -day forward spread on the spot noon rates. Average of dally flgures.
N.A. not available.

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