

# The Daily

Statistics Canada

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Canada's net international indebtedness increased a further \$5.1 billion to \$217.8 billion at the end of the second quarter. This marked a ninth straight quarter of increases in net foreign debt, consistent with strong inflows of funds to the Canadian economy over this period.

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## Releases

### Canada's international investment position

Second quarter 2011

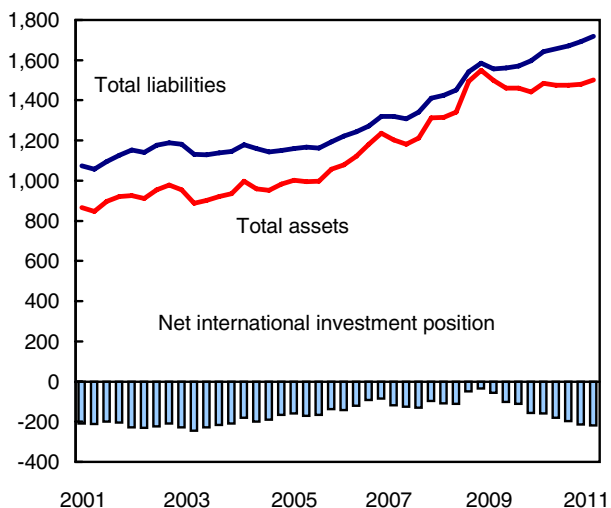
Canada's net international indebtedness increased a further \$5.1 billion to \$217.8 billion at the end of the second quarter. This marked a ninth straight quarter of increases in net foreign debt, consistent with strong inflows of funds to the Canadian economy over this period.

Canada's international liabilities advanced \$27.3 billion in the second quarter, led again by non-resident investment in Canadian securities and to a lesser extent by foreign direct investment in Canada.

Foreign investors added a further \$19.4 billion of Canadian securities to their portfolios, marking the 10th straight quarter of such investment. Non-resident purchases of Canadian securities amounted to \$270.2 billion over this period, with over three-quarters directed to the Canadian bond market.

#### Canada's international investment position

\$ billions



#### Note to readers

The international investment position presents the value and composition of Canada's assets and liabilities to the rest of the world. Canada's net international investment position is the difference between these foreign assets and liabilities. The excess of international liabilities over assets can be referred to as Canada's net foreign debt; the excess of international assets over liabilities can be referred to as Canada's net foreign assets. The valuation of the assets and liabilities in the international investment position are measured at book value, unless otherwise stated. Book value represents the value of assets and liabilities recorded in the books of the enterprise in which the investment is made.

#### Currency valuation

The value of assets and liabilities denominated in foreign currency are converted to Canadian dollars at the end of each period for which a balance sheet is calculated. Most of Canada's foreign assets are denominated in foreign currencies while less than half of Canada's international liabilities are in foreign currencies. When the Canadian dollar is appreciating in value, the restatement of the value of these assets and liabilities in Canadian dollars lowers the recorded value. The opposite is true when the Canadian dollar is depreciating.

International assets increased by \$22.2 billion in the second quarter, on Canadian direct investment abroad, loans and deposits placed abroad and investment in securities.

The Canadian dollar remained stable relative to major foreign currencies. However, it did account for a \$1.1 billion upward revaluation in international assets, gaining 0.5% against the US dollar and the British pound but depreciating 2.8% against the Japanese yen and 1.7% against the Euro.

#### Canada's net direct investment asset position declines further

Increased merger and acquisition activity led to strengthened foreign direct investment in Canada in the second quarter, as Canadian direct investment abroad slowed. As a result, the value of Canada's net foreign direct investment asset position decreased to \$44.3 billion by the end of the second quarter.

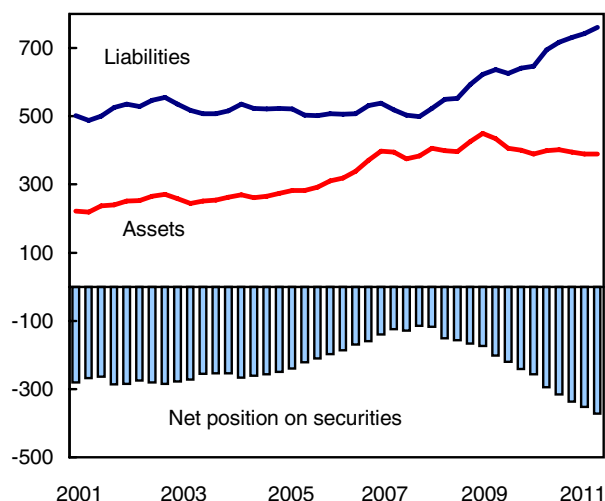
## Canada's net liability position on securities reaches a new high

Foreign investment in Canadian securities again focused on bonds in the second quarter, with purchases of \$11.9 billion. Non-resident investors' acquisitions of Canadian money market instruments, mainly Federal Treasury bills, were also up in the quarter.

At the same time, Canadian investment in foreign securities slowed, as purchases of foreign stocks were largely offset by a reduction in holdings of both long- and short-term foreign debt instruments. As a result, the net liability position on investment in securities (the difference between foreign securities held by Canadian investors and Canadian securities held by foreign investors) increased to \$371.3 billion at the end of the second quarter. This marked 14 straight quarters of increases in this net liability, largely reflecting continued investment by non-residents in Canadian securities.

### Canada's International position on securities

\$ billions



## Declines in equity markets partially offset by gains in debt

Canada's overall net international investment position can also be calculated with tradable securities valued at market prices. By this measure, Canada's net foreign debt increased by \$4.0 billion to \$213.5 billion by the end of the second quarter, as losses on Canadian equity markets were slightly more pronounced than on a number of foreign stock markets.

**Available on CANSIM: tables 376-0055 to 376-0057, 376-0059.**

**Definitions, data sources and methods: survey numbers, including related surveys, 1534 and 1537.**

The second quarter 2011 issue of *Canada's International Investment Position* (67-202-X, free) will be available soon.

For more information, contact Client Services (613-951-1855; [infobalance@statcan.gc.ca](mailto:infobalance@statcan.gc.ca)). To enquire about the methods, concepts or data quality of this release, contact Christian Lajule (613-951-2062) or Marie-Josée Lamontagne (613-951-5179), Balance of Payments Division.

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## Canada's international investment position at period end

	Fourth quarter 2006	Fourth quarter 2007	Fourth quarter 2008	Fourth quarter 2009	Fourth quarter 2010	First quarter 2011	Second quarter 2011
	\$ billions						
<b>Assets</b>							
Canadian direct investment abroad	518.8	513.1	642.0	621.2	616.7	616.1	619.9
Portfolio investment abroad							
Foreign bonds	124.0	150.3	145.0	135.0	128.8	125.9	120.2
Foreign bonds at market value	133.7	153.5	142.4	141.3	138.5	134.1	127.4
Foreign stocks	227.4	226.4	277.8	261.2	258.8	256.9	262.9
Foreign stocks at market value	582.2	603.2	437.3	499.0	535.7	550.0	555.3
Foreign money market	20.0	7.5	3.5	4.6	6.7	6.8	6.0
Foreign money market at market value	20.1	7.5	3.5	4.6	6.7	6.8	6.0
Other investments							
Loans	72.8	77.8	93.5	103.5	109.6	110.2	115.5
Deposits	132.2	157.9	226.8	225.0	225.8	233.7	246.5
Official international reserves	41.0	40.6	51.4	56.0	55.2	57.7	58.6
Official international reserves at market value	40.9	40.7	53.4	57.1	56.8	58.8	60.3
Other assets	45.5	38.2	54.7	54.6	73.1	71.5	71.5
Total assets							
At book value	1,181.7	1,211.9	1,494.6	1,461.1	1,474.6	1,478.9	1,501.1
With portfolio investment at market value	1,546.2	1,592.0	1,653.6	1,706.4	1,762.9	1,781.2	1,802.5
<b>Liabilities</b>							
Foreign direct investment in Canada	437.2	510.1	542.7	547.6	561.6	569.7	575.5
Portfolio investment							
Canadian bonds	410.0	384.7	458.9	497.8	575.1	581.1	593.4
Canadian bonds at market value	432.5	399.7	473.1	528.0	613.3	615.9	636.6
Canadian stocks	96.7	92.1	98.8	110.9	120.2	124.5	125.5
Canadian stocks at market value	317.9	360.0	219.7	295.3	357.9	388.7	379.2
Canadian money market	24.5	22.0	34.9	32.9	35.6	36.1	41.4
Canadian money market at market value	24.7	22.2	35.0	32.9	35.6	36.2	41.5
Other investment							
Loans	55.7	61.8	81.7	67.8	78.6	72.2	69.6
Deposits	226.8	243.5	301.6	282.4	268.4	276.0	281.6
Other liabilities	21.7	27.4	24.3	32.1	31.3	32.0	31.9
Total liabilities							
At book value	1,272.6	1,341.7	1,542.9	1,571.6	1,670.9	1,691.7	1,719.0
With portfolio investment at market value	1,516.5	1,624.8	1,678.1	1,786.3	1,946.7	1,990.7	2,015.9
<b>Net international investment position</b>							
At book value	-90.9	-129.8	-48.3	-110.4	-196.2	-212.7	-217.8
With portfolio investment at market value	29.7	-32.9	-24.5	-79.8	-183.9	-209.4	-213.5



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## **Cement**

July 2011

Data on cement are now available for July.

**Available on CANSIM: tables 303-0060 and 303-0061.**

**Definitions, data sources and methods: survey number 2140.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; [manufact@statcan.gc.ca](mailto:manufact@statcan.gc.ca)), Manufacturing and Energy Division. ■

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