

The Daily

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Canada's international transactions in securities, June 2014 2
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Canada's international transactions in securities, June 2014

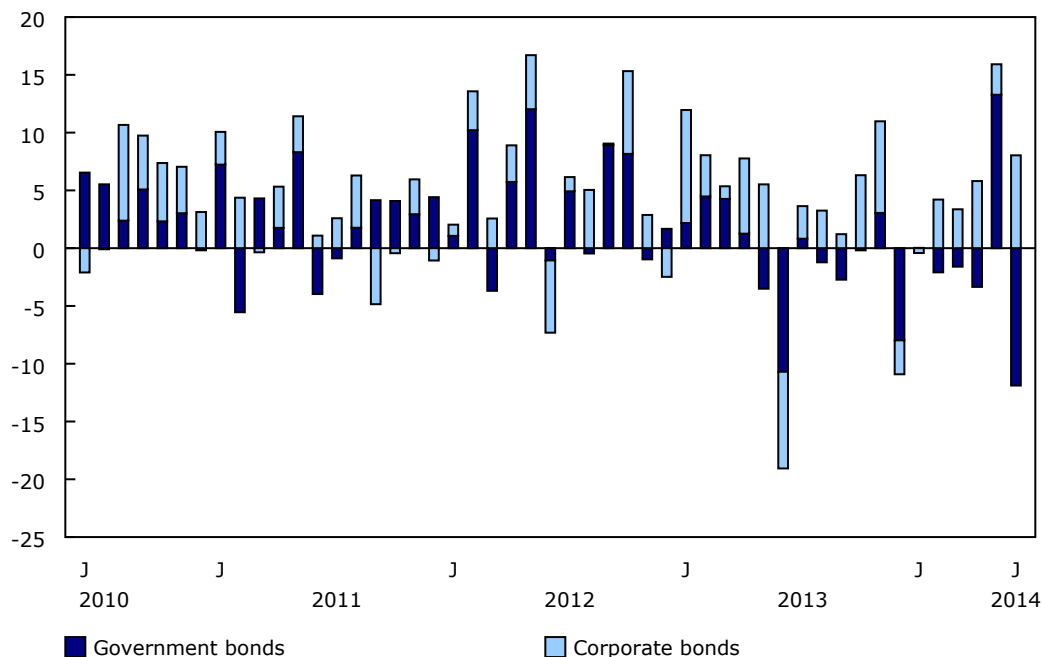
Foreign investors reduced their holdings of Canadian securities by \$1.1 billion in June, following investment totalling \$31.6 billion over the previous two months. Canadian investors continued their moderate investment in foreign securities by adding \$2.0 billion to their portfolios in June. This activity led to a large inflow of funds on portfolio investment for the second quarter of 2014.

Foreign investors adjust their portfolios in favour of corporate securities

Foreign investors reduced their holdings of Canadian bonds by \$3.9 billion in June, the first such divestment since January of this year. The reduction focused on Canadian government bonds, both federal and provincial bonds. The divestment in federal government bonds reached a high of \$9.4 billion and was composed of sales on secondary markets and bonds reaching maturity. Provincial government bonds were down \$2.6 billion, all retirements.

Chart 1
Foreign investment in Canadian bonds

billions of dollars



Foreign investment in Canadian corporate bonds remained strong at \$8.0 billion in June. Foreign investors favoured bonds from the private corporate sector with acquisitions of \$5.8 billion during the month, the highest since April 2013. Foreign investment in corporate bonds since the beginning of the year total \$23.6 billion.

Foreign investment in the Canadian money market moderated to \$224 million, with foreign investors moving funds from corporate paper to government paper. Both Canadian long- and short-term interest rates were up in June, while the Canadian dollar appreciated against its US counterpart by 1.5 US cents at the end of the month.

Non-residents acquire Canadian equities for a tenth straight month

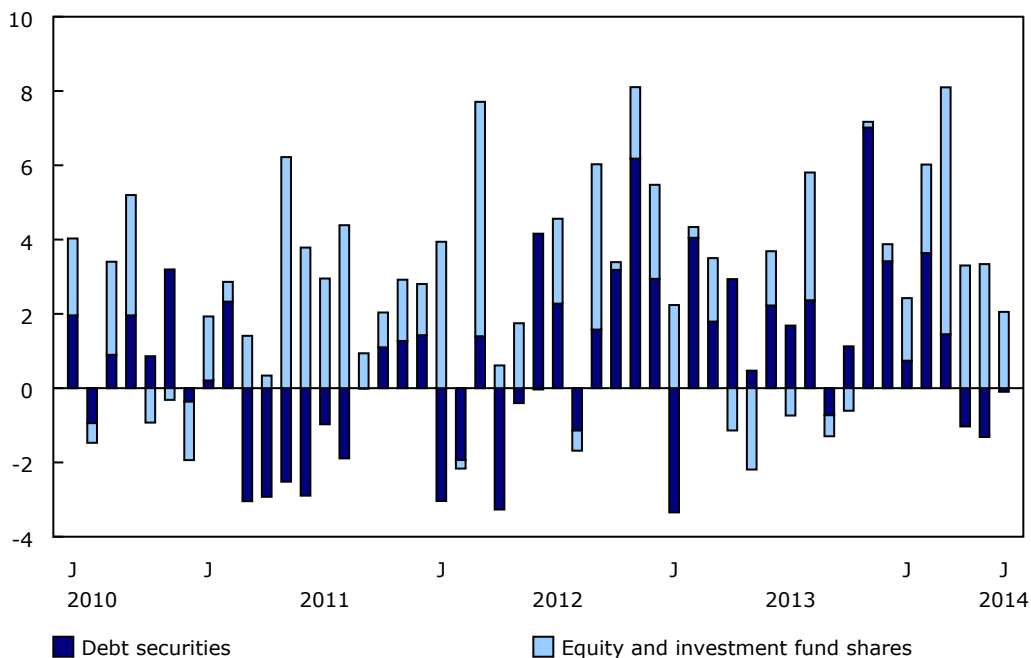
Non-resident investment in Canadian equities was \$2.6 billion in June, mainly focused in the energy sector. Acquisitions of Canadian equities since the beginning of the year total \$16.3 billion, compared with a divestment of \$3.1 billion for the six first months of 2013. The Canadian stock market, as measured by the Standard and Poor's / Toronto Stock Exchange composite index was up by 3.7% at the end of the month, reaching a record level.

Canadian investment in foreign securities continues

Canadian investment in foreign securities was \$2.0 billion in June, marking a ninth consecutive month of such activity. Acquisitions were concentrated in foreign equities, with \$2.1 billion evenly split between US and non-US foreign shares. The US stock market was up by 1.9% at the end of June.

Chart 2
Canadian investment in foreign securities

billions of dollars



Canadian investors reduced their holdings of foreign debt securities for a third straight month, led by divestments in US bonds and US commercial paper. Meanwhile, Canadians purchased \$1.3 billion in US Treasury bills, marking the highest such investment since October 2010. Canadians also invested \$1.5 billion in non-US foreign bonds in June.

Note to readers

The data series on international transactions in securities cover portfolio transactions in equity and investment fund shares, bonds and money market instruments for both Canadian and foreign issues. This activity excludes transactions in equity and debt instruments between affiliated enterprises, classified as foreign direct investment in the international accounts.

Equity and investment fund shares include common and preferred equities as well as units/shares of investment funds.

Debt securities include bonds and money market instruments.

Bonds have an original term to maturity of more than one year.

Money market instruments have an original term to maturity of one year or less.

Government of Canada paper includes Treasury bills and US-dollar Canada bills.

All values in this release are net transactions unless otherwise stated.

Table 1
Canada's international transactions in securities

	April 2014	May 2014	June 2014	January to June 2013 ¹	January to June 2014 ¹
	millions of dollars				
Foreign investment in Canadian securities	10,200	21,423	-1,073	15,819	36,353
Debt securities	6,560	18,795	-3,628	18,949	20,061
Money market instruments	4,102	2,880	224	2,875	2,054
Governments	2,843	-1,045	1,825	-1,895	-3,488
Federal government	424	-614	1,285	-7,127	-4,120
Other governments	2,419	-430	540	5,232	631
Corporations	1,259	3,925	-1,602	4,770	5,542
Government business enterprises	969	933	-1,673	2,136	2,014
Private corporations	290	2,991	71	2,634	3,528
Bonds	2,458	15,915	-3,851	16,074	18,008
Governments	-3,350	13,275	-11,886	-2,027	-5,627
Federal government	-3,872	6,884	-9,418	-1,130	-11,396
Other governments	522	6,391	-2,468	-896	5,768
Corporations	5,808	2,640	8,035	18,101	23,635
Government business enterprises	471	3,477	2,248	-526	10,649
Private corporations	5,336	-837	5,787	18,628	12,986
Equity and investment fund shares	3,640	2,628	2,554	-3,130	16,292
Canadian investment in foreign securities	2,272	2,026	1,957	10,495	22,800
Debt securities	-1,031	-1,314	-97	8,128	3,391
Money market instruments	744	101	688	1,089	1,386
Bonds	-1,775	-1,415	-784	7,039	2,006
Equity and investment fund shares	3,303	3,340	2,054	2,367	19,408

¹ Cumulative transactions.

Note(s): In this table, a positive value denotes an increase in investment and a negative value denotes a decrease in investment. Transactions are recorded on a net basis. Figures may not add up to totals as a result of rounding.

Available in CANSIM: tables 376-0131 to 376-0138, 376-0145 and 376-0146.

Definitions, data sources and methods: survey number 1535.

Data on Canada's international transactions in securities for July will be released on September 18.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca).

To enquire about the concepts, methods or data quality of this release, contact Lauren Dong (613-951-3282; lauren.dong@statcan.gc.ca), International Accounts and Trade Division.

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