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QUARTERLY ESTIMATES OF

THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

THIRD QUARTER, 1957

The current deficit of \$189 million from Canada's transactions in goods and services with other countries in the third quarter of 1957 was again substantial for that period of the year, although slightly less than the deficit of \$204 million in the corresponding quarter last year. The sources of the deficit however, changed significantly, with less from commodity trade and more from services and other transactions than was the case last year. On commodity account the deficit of \$46 million was less than one-half that in the same period last year, but the imbalance arising from all other current transactions was substantially larger, and at \$143 million contributed three-quarters of the current deficit, being several times the deficit from these transactions in any year before 1956.

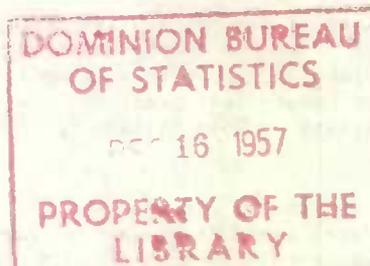
While gross current receipts in the third quarter were larger than in any earlier quarter, gross current expenditures abroad were higher than in the third quarter last year, being also at an unusual level, although less than in some recent preceding quarters. The rise in current receipts occurred in merchandise exports as all other current receipts were less. In the case of current payments there were increases in some other current transactions but the value of merchandise imports was only slightly more. Some special factors contributed to this result, particularly in the case of receipts, and consequently the resulting deficit also was affected by some non-recurring factors. The comparative stability however, contrasted sharply with the rising trends last year associated with the high rate of general expansion characteristic of the economy at that time.

In the first three quarters the cumulative deficit of \$1,117 million was larger than ever before in a corresponding period, comparing with the previous record of \$1,002 million in these three quarters of last year. The rise was all due to the growing deficit from service and other current transactions as the balance on commodity account was slightly less this year.

From the end of 1955 and through 1956, the deficit on current account, and receipts and payments had shown significant quarterly gains. By the beginning of 1957 some of the expansionary forces which had been operative in almost every sector of the Canadian economy were beginning to moderate. However, the need for equipment and materials to carry through investment projects continued to lend considerable strength to the demand for imports, and was supported on the consumer goods side with high levels of income and employment. By the second and third quarters imports of commodities and many business services had levelled off, at exceptionally high levels, while income remittances to non-residents and tourist expenditures by Canadians continued to rise. High levels of economic activity, inflationary pressures, currency problems, and good grain crops in other countries continued to contribute to rather mixed effects on Canadian trade, particularly exports.

Prepared in the Balance of Payments Section, International Trade Division.

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Decline in merchandise trade deficit in the third quarter offset increases in the first six months

A leading change during the quarter was the rise in merchandise exports and this led to the sharp reduction in the import balance from that in the third quarter of last year. In the third quarter of 1957 Canadian exports rose by some 8 per cent over the second quarter, in contrast to a decline which has usually occurred in this period in the past. The value this year was also above the corresponding period last year by some 5 per cent. The rise over last year occurred in commodities other than wheat and included some receipts from prepayments on defence account. Clearances of wheat were much less than last year but showed some gains over earlier quarters of this year. The increase in other commodities occurred in a number of cases. Some of these rises were substantial, particularly in such commodities undergoing growth in production as uranium, iron ore and petroleum, but also occurred in other commodities like nickel, newsprint, cattle, primary and semi-finished steel, and chemicals. There were again substantial declines in exports of lumber, copper, and aircraft, and for the first time during the year, exports of aluminum declined substantially as production was curtailed.

The increase in exports in the third quarter contributed to most of the rise in adjusted exports of almost 2 per cent in the nine months as shown in the balance of payments statement. In the longer period the general pattern of trends in individual commodities was much the same as in the third quarter described above, except that some prominent increases show up in the nine months for items like aluminum, old ships, and flax seed which either declined or showed only moderate increases in the third quarter.

The increase in the total exports in the nine months was about the same in amount as the rise to the United States. The increase to that country was mainly a reflection of the gains in the shipment of products of the growth industries and various other commodities referred to above for which demands were unusually strong, although significant declines also occurred in some commodities exported to that country. The small net decline in exports overseas reflects various offsetting movements. Exports to the United Kingdom were down mainly because of wheat. The reduced exports of wheat to all other countries was another major change but this was more than offset by higher sales of other commodities to this group of countries as a whole. Increases were widely distributed among industrial materials and also included some special items like old ships. Increases were prominent in exports to the OEEC, Latin America, and Japan, while the chief decline in the trade with other countries occurred in exports to Eastern Europe reflecting reduced sales of wheat.

Merchandise imports continued at an unusually high level but did not show the general tendency to rise rapidly which was characteristic of the previous year. The composition of imports in the quarter compared with last year underwent some changes, although the total value was about the same. From available data there appears to have been a general maintenance of large imports of non-agricultural machinery and of many other manufactured products, although declines appeared in some like agricultural implements. Prominent among commodities showing increases were steel pipes and sugar.

In the first three quarters there was a small increase in value of between 1 and 2 per cent, with most of it having occurred in the first quarter and only a slight amount in the third following some decline in the second quarter. In this nine month period there were significant increases in such items as non-agricultural machinery, primary and semi-finished steel, and crude petroleum. There was also at least the maintenance of high levels of many other manufactured goods, although appreciable declines occurred in some like automobiles and agricultural implements.

Relative stability in the sources of Canadian imports also appears when comparison is made with last year. The small increase in total during the period was distributed among the leading countries of supply, although increases in imports from the United Kingdom and elsewhere overseas were relatively greater than from the United States.

Export prices have softened slightly since the beginning of the year, and the third quarter of 1957 was unchanged from the same quarter last year. Import prices on the other hand have risen some 3 per cent or more since last year, reversing the terms of trade. Taking into account these price movements, the deficit in volume terms would be somewhat less than the value data indicate.

Deficit from transactions in services and other non-merchandise items

The \$143 million deficit on non-merchandise transactions in the third quarter was almost 50 per cent larger than that incurred in the same quarter last year, and arose out of a decline in receipts and a rise in expenditures. And the imbalance from this group of transactions was again the leading source of the current deficit, as was the case before last year. In the nine month period, the deficit on "invisibles" also rose, from \$429 million in 1956 to \$546 million in 1957, as receipts declined by \$8 million and expenditures rose by \$109 million.

Comparing third quarter results for 1956 and 1957, there was a net deterioration in each of the main components but one. As travel expenditures abroad rose more than tourist receipts, the surplus declined; at the same time there was an extraordinary fall in gold available for export mainly due to temporary factors related to refining facilities. The rest of the non-merchandise items giving rise to deficits showed

equivalent or larger deficits in the third quarter of 1957. Reflecting the growth in non-resident participation in the ownership and control of Canadian assets, both interest and dividend payments to non-residents continued to increase. Official contributions, primarily Canadian contributions to the Colombo Plan, also rose. Earnings on freight and shipping account had fallen off from last year's levels, and largely as a result of a decline in estimated United States expenditures on defence installations in Canada, there was an increased deficit in other miscellaneous transactions.

The \$117 million or 37 per cent increase in the deficit in the first nine months of 1957 was somewhat less than the 43 per cent gain in the third quarter alone. While there was an absolute increase in receipts from non-resident travel in Canada, and for larger inflows of migrants' funds, all other non-merchandise receipts declined. On the payments side all expenditure items rose except for official contributions. As a result the net imbalance widened on travel, income, freight, and other miscellaneous transactions, and more than offset the decline in official contributions and the small surplus of immigrants' funds and inheritances.

Transactions by areas

The \$15 million decline in the deficit in the third quarter of 1957 from a year earlier resulted from a \$38 million drop in the deficit with the United States, which was partially offset by a \$23 million decline in the surplus with overseas countries. The decline in the imbalance with the United States was more than accounted for by a \$74 million fall in the deficit on commodity trade as exports rose moderately and imports fell slightly. Increases in a few exports, including some prepayments on defence account, were largely responsible for an overall gain in exports to the United States. The widening of the deficit for non-merchandise transactions with the United States reflected in part increased remittances of investment income, the completion of a major portion of United States defence installations being built in Canada, and a temporary decline in gold available for export.

The \$23 million decline in the surplus with overseas countries as compared to the third quarter of 1956 reflected both a drop in the surplus on commodity trade and an increase in the deficit on non-merchandise items. The most significant shifts (although small in absolute terms) in the major components of the accounts were with the United Kingdom; as commodity imports from that country rose somewhat, and exports declined, the surplus on merchandise trade fell by \$14 million to \$78 million. This move was reinforced by a larger non-merchandise deficit, primarily from increased expenditures by Canadians travelling abroad. The shifts in the merchandise and non-merchandise accounts with other overseas countries were relatively smaller. The \$1 million surplus with other sterling area countries in the third quarter of 1956 was converted to a deficit of \$6 million partially as a result of increased contributions under the Colombo Plan. The deficit of \$6 million with other OEEC countries was unchanged in the third quarter, and the deficit with all other countries declined slightly, as commodity exports rose relatively more than imports.

For the nine month period, the current account deficit rose from \$1,002 million in 1956 to \$1,117 million in 1957. This larger deficit in 1957 to date was the combined result of an increased deficit with the United States and a smaller surplus with other overseas countries. As in the third quarter of this year there was in the nine month comparison, a deterioration in the surplus position with the United Kingdom and rest of the sterling area. This was due both to a decline in exports and an increase in imports. The surplus with the OEEC grew in 1957 as exports showed gains to most European countries. The deficit with all other countries declined as exports to Japan and some Latin American countries continued to rise.

Summary of Current Transactions with the  
United States, United Kingdom and Other Countries, 1956 and 1957  
(millions of dollars)

	<u>All Countries</u>		<u>United States</u>		<u>United Kingdom</u>		<u>Other Countries</u>	
	1956	1957	1956	1957	1956	1957	1956	1957
<u>Third Quarter</u>								
Merchandise exports (adjusted)	1,246	1,308	732	794	220	212	294	302
Merchandise imports (adjusted)	1,350	1,354	936	924	128	134	286	296
Balance on merchandise trade	- 104	- 46	- 204	- 130	+ 92	+ 78	+ 8	+ 6
Balance on non-merchandise trade	- 100	- 143	- 42	- 78	- 23	- 29	- 35	- 36
Current account balance	- 204	- 189	- 246	- 208	+ 69	+ 49	- 27	- 30
<u>First nine months</u>								
Merchandise exports (adjusted)	3,560	3,624	2,092	2,171	599	556	869	897
Merchandise imports (adjusted)	4,133	4,195	2,986	3,007	374	391	773	797
Balance on merchandise trade	- 573	- 571	- 894	- 836	+ 225	+ 165	+ 96	+ 100
Other current receipts	1,212	1,204	881	868	145	153	186	183
Other current payments	1,641	1,750	1,174	1,255	198	217	269	278
Balance on non-merchandise trade	- 429	- 546	- 293	- 387	- 53	- 64	- 83	- 95
Current account balance	-1,002	-1,117	-1,187	-1,223	+ 172	+ 101	+ 13	+ 5

### Capital movements

The inflow of capital to Canada in long-term forms, although at a reduced rate in the third quarter, was substantial both in absolute terms and in relation to the current account deficit, despite some evidence that the third quarter of 1957 was generally one of hesitation and reappraisal in financial circles. The reduction was the result of a smaller capital inflow from the net sale of Canadian securities to non-residents, and after five quarters the inflow for direct investment in foreign-controlled enterprises in Canada re-appeared as the more important source of external capital. These inflows have demonstrated less volatility than portfolio investment where interest and exchange rates might be expected to be more influential.

The net inflow of capital in the long-term forms shown separately in statements of the Canadian balance of international payments fell in the third quarter of the year to \$261 million. This represented a decline of \$200 million over the preceding quarter. The decrease in the deficit on current account amounted, however, to well over \$300 million, and there were net outflows of capital in other forms as there have been in each third quarter of the eight years covered by official quarterly estimates of the Canadian balance of international payments. Despite the reduction of the inflows in long-term forms to their lowest level since the first quarter of 1956, it is of interest that before that time in the five years from 1950 to 1955 this level was exceeded only in the special circumstances of the third quarter of 1950.

About three quarters of the inflows in long-term forms were, on balance, from the United States; this proportion applied to both the quarter and nine months, and compared with about two-thirds for the whole of 1956. Although the net movement from the United States was about 10 per cent smaller than in the corresponding quarter of last year, the nine-months comparison showed an increase of about one-third, or about \$200 million. However, fourth quarter inflows in 1956 were exceptionally large and it seems improbable that the increase for 1957 as a whole will be as large as for the nine months.

The net inflow of capital for direct investment in foreign-controlled enterprises in Canada continued unabated, and indeed established a new record for the third quarter of \$135 million. The decline of \$15 million from the second quarter was partly accounted for by non-recurring inflows in that period directed to the purchase of existing undertakings. The change did not, as a consequence, indicate a corresponding reduction in the inflows directed to new capital formation. Net inflows to mining operations were smaller than in the second quarter because the seasonal nature of some operations tends to concentrate repatriation of long-term capital in the third quarter. Net inflows to manufacturing were also reduced, mainly because of the non-recurring transactions already referred to. With these exceptions there was a tendency for the net capital inflow to rise, with modest increases recorded to the petroleum industry and other sectors. Petroleum and mining received about half the net movement, and manufacturing one-third. More than four-fifths of the net movement in the third quarter was of United States origin, and on balance the reduction from the second quarter was attributable to overseas investors.

The net inflow for United States direct investment in Canada accounted for nearly 85 per cent of the total in the third quarter and about 80 per cent in the nine months of 1957. This compared with about two-thirds in the corresponding periods of 1956. Quantitatively United States direct investment inflows were larger in both the second and third quarters of 1957 than in 1956, and in the nine months were of the order of \$300 million compared with \$260 million.

Canadian direct investment abroad is estimated to have led to a net capital outflow of \$15 million in the third quarter, equalling the outflow in the second quarter.

Transactions in Canadian portfolio securities led to a capital inflow of \$125 million in the third quarter of the year, down sharply both from the peak of \$291 million reached in the preceding quarter, and from the total of \$249 million in the first quarter. About 60 per cent of the net inflow in the third quarter was from the United States and the balance was from overseas countries. In the first half of the year about three-quarters of the very much larger movement was from the United States.

The principal reason for the decline in the third quarter was a fall off in the proceeds of new issues of Canadian securities sold abroad. These proceeds, amounting to \$138 million, compared with \$284 million in the second quarter and were at their lowest level since the first quarter of 1956. There were sharp reductions in the amount of provincial and corporate issues sold abroad, although increased sales of municipal and Government of Canada issues were reported. Almost 90 per cent of the new issues of Canadian securities sold to non-residents during the quarter were purchased by residents of the United States, and issues payable optionally or solely in foreign currencies represented over 90 per cent of the new bonds and debentures sold to non-residents. It is of some significance that of the proceeds from the sale of bonds and debentures more than 20 per cent represented earlier sales for which deferred deliveries had been arranged, and more than 30 per cent represented proceeds of offerings in the second quarter for delivery in the third. Thus less than half the total covered securities for which sales were negotiated in the third quarter itself. The proceeds of new issues of stocks similarly included a substantial proportion of offerings made on a rights basis in the second quarter.

Retirements of foreign-held Canadian securities totalling \$44 million in the third quarter were about the level of retirements in earlier quarters of 1957; in the third quarter of the year a Government of Canada guaranteed issue accounted for the major part of the total. About 90 per cent of all the Canadian

securities owned by non-residents which were retired during the quarter were held by residents of the United States, and more than 95 per cent of the total bonds and debentures retired were payable optionally or solely in foreign currencies.

Trade in outstanding Canadian stocks led to an inflow of \$43 million for the quarter (of which \$40 million occurred in the months of July and August), compared with \$48 million for the second quarter. There have been, on the other hand, net repurchases of outstanding Canadian bonds, debentures, and other securities in each of the last six quarters, and these reduced to \$31 million the net inflow in the third quarter from the sale of all outstanding Canadian securities. Government of Canada issues made up a significant part of the repurchases and may have been related to the new offering in September. It is noteworthy that, after seventeen months in each of which residents of the United Kingdom were, on balance, buyers of outstanding Canadian stocks, totalling more than \$150 million in the period, there were net repurchases in September. But there were net sales to other non-residents which led to an overall sales balance on account of trading in outstanding Canadian stocks, a pattern which remains unbroken for twenty months.

Transactions in foreign securities led to a net capital inflow of \$9 million, down slightly from the figure of \$15 million recorded in the second quarter. Canadians continued to repatriate holdings of United States stocks at about the same rate as in the second quarter, but there was an increase in Canadian purchases of new issues of United States and other foreign securities.

As background to these international security movements it will be recalled that in August there were sharp drops in stock prices in both Canada and the United States. Reference is made later to the exchange value of the United States dollar in Canada which in August, too, fell to a new low for this century and then rose over the remainder of the quarter to a level somewhat above that prevailing earlier. Interest rates rose moderately over the quarter and the differential between yields in Canada and in the United States widened slightly.

Repayments on Canadian dollar loans made to foreign governments were, as is customary in the third quarter, limited to the receipt of \$7.5 million principal from the Government of the United Kingdom on the \$700 million interest free loan of 1942.

Turning now to the other categories of capital movements, reflecting in the main changes in assets or liabilities of a short-term character, a net capital inflow of \$9 million was recorded in the third quarter from a net increase in holdings of Canadian dollars by non-residents. In the first half of the year non-resident holdings were reduced by \$56 million. Net increases in the third quarter were recorded for holdings of residents of the United States, of the United Kingdom, and of other overseas countries. On balance, the increase covered holdings of Government of Canada treasury bills.

A capital inflow of \$53 million was recorded in the third quarter reflecting a reduction in official holdings of gold and foreign exchange. At the beginning of the quarter official holdings of gold and United States dollars, measured in terms of United States funds, amounted to \$1,941.8 million. They were increased during July to \$1,973.0 million, a figure some \$30.4 million above the previous month-end peak, but in August and September there were decreases of \$30.1 million and \$53.0 million, respectively, reducing holdings at the end of the quarter to \$1,889.9 million.

All other capital movements led to a net capital outflow of \$134 million in the third quarter, following inflows of \$102 million and \$108 million reflected in statements for the first and second quarters respectively. The components of these totals which are measurable at the present time reveal the existence of complex and often paradoxical movements. In the circumstances existing in recent quarters these movements have been sufficiently conflicting to preclude sound generalization as to motivating influences and character of the items.

The fluctuation of the Canadian dollar on the international exchange market was greater than usual in the third quarter of the year. The quotation for the United States dollar in Canada which was 95.34 cents at the end of the preceding quarter tended to fall through July and the early part of August. The rate of decline then accelerated and a new low for this century of 94.22 cents was established on August 20. Following this the value of the United States dollar in Canada showed a generally rising trend reaching a high of 96.56 cents on September 30 and closing the quarter at 96.44 cents. In only one other year since the re-introduction of fluctuating exchange rates in Canada in 1950 has the exchange value of the United States dollar in Canada been higher at the end of the third quarter than at the beginning.

The noon average for the quarter as a whole was 95.25 cents compared with 95.62 cents for the second quarter. The trading range of 2.34 cents during the third quarter was the largest since the first quarter of 1955, compared with only 0.84 cents and 1.00 cents in the first and second quarters of 1957 respectively; the nine-month low and high quotations were established within a period of only six weeks. The statistical details do not in themselves suffice to fully explain the short term shifts and the size of the exchange rate movements which occurred in Canada during the quarter.

Western European currencies were also the subject of strains and fluctuations on the international exchange markets in this period.

## QUARTERLY ESTIMATES OF THE CANADIAN

Note: Data for 1957 are preliminary and

		1955			1956	
		II	III	IV	I	II
<b>A</b>	<b>Current Receipts</b>					
1	Merchandise exports (adjusted).....	1,098	1,127	1,140	1,051	1,263
3	Gold production available for export .....	39	37	40	37	40
4	Travel expenditures .....	66	182	54	26	65
5	Interest and dividends .....	32	27	75	35	39
6	Freight and shipping.....	100	108	108	102	115
7	Inheritances and immigrants' funds .....	25	24	21	17	28
11	All other current receipts .....	105	105	104	91	112
12	<b>Total Current Receipts</b> .....	<b>1,465</b>	<b>1,610</b>	<b>1,542</b>	<b>1,359</b>	<b>1,662</b>
<b>B</b>	<b>Current Payments</b>					
1	Merchandise imports (adjusted).....	1,150	1,163	1,259	1,242	1,541
4	Travel expenditures .....	119	156	96	93	133
5	Interest and dividends .....	99	91	162	112	116
6	Freight and shipping.....	108	113	116	99	134
7	Inheritances and emigrants' funds .....	23	30	31	25	28
9	Official contributions .....	4	8	7	9	10
11	All other current payments.....	125	134	136	142	135
12	<b>Total Current Payments</b> .....	<b>1,628</b>	<b>1,695</b>	<b>1,807</b>	<b>1,722</b>	<b>2,097</b>
	Balance on Merchandise Trade .....	- 52	- 36	- 119	- 191	- 278
	Balance on Other Transactions, excluding B 9 .....	- 107	- 41	- 139	- 163	- 147
	Official Contributions.....	- 4	- 8	- 7	- 9	- 10
<b>C</b>	<b>Current Account Balance</b> .....	<b>- 163</b>	<b>- 85</b>	<b>- 265</b>	<b>- 363</b>	<b>- 435</b>
<b>D</b>	<b>Capital Account</b>					
	<b>Direct Investment</b>					
1	Direct investment in Canada .....	+ 115	+ 104	+ 113	+ 121	+ 169
2	Direct investment abroad .....	- 12	- 12	- 39	- 66	- 5
	<b>Canadian Securities</b>					
3	Trade in outstanding issues .....	+ 5	- 24	+ 25	+ 77	+ 43
4	New issues.....	+ 27	+ 17	+ 13	+ 111	+ 181
5	Retirements .....	- 61	- 19	- 18	- 71	- 23
	<b>Foreign Securities</b>					
6	Trade in outstanding issues .....	- 6	+ 6	+ 11	- 16	+ 10
7	New issues.....	- 17	- 4	- 22	- 1	- 5
8	Retirements .....	-	+ 14	-	-	-
	<b>Loans by Government of Canada</b>					
10	Repayment of post-war loans .....	+ 10	+ 2	+ 27	-	+ 13
11	Repayment of war loans.....	+ 8	+ 7	+ 8	+ 7	+ 8
14	Change in Canadian dollar holdings of foreigners... ..	+ 39	+ 6	+ 14	- 23	- 5
16	Change in official holdings of gold and foreign exchange (increase, minus).....	- 56	- 7	+ 36	+ 29	- 30
17	Other capital movements .....	+ 111	- 5	+ 97	+ 195	+ 79
<b>E</b>	<b>Net Capital Movement</b> .....	<b>+ 163</b>	<b>+ 85</b>	<b>+ 265</b>	<b>+ 363</b>	<b>+ 435</b>

NOTES: Mutual Aid to NATO countries is not included in either current receipts or current payments.

A 1) As used in the balance of payments, merchandise trade is adjusted to exclude such non-commercial items as settlers' effects and B 1) items like tourist purchases which are covered elsewhere in the accounts. Since 1951, furthermore, payments for defence purchases by governments have been substituted for the actual physical movements of the commodities as reported in Customs trade statistics.

A 11) This item includes government transactions (except merchandise trade and interest), personal remittances, miscellaneous income, B 11) insurance transactions, and business services.

**BALANCE OF INTERNATIONAL PAYMENTS**

data for 1956 are subject to revision.

1956		1957			Annual Totals			Four Quarters	
III	IV	I	II	III	1954	1955	1956	ending Sept. 30, 1957	
(millions of dollars)									
1,246	1,273	1,102	1,214	1,308	3,929	4,332	4,833	4,897	<b>A</b>
38	35	39	31	27	155	155	150	132	1
191	54	30	77	199	305	328	336	360	3
25	41	24	37	29	147	160	140	131	4
117	116	104	113	113	313	398	450	446	5
26	27	24	37	29	89	86	98	117	6
108	119	106	101	84	298	391	430	410	7
1,751	1,665	1,429	1,610	1,789	5,236	5,850	6,437	6,493	11
1,350	1,434	1,327	1,514	1,354	3,916	4,543	5,567	5,629	<b>B</b>
169	103	100	143	179	389	449	498	525	1
121	181	126	147	134	423	483	530	588	4
131	134	109	144	131	356	415	498	518	5
29	30	25	28	32	94	105	112	115	6
5	6	7	8	7	11	24	30	26	7
150	147	142	148	141	479	529	574	579	9
1,955	2,035	1,836	2,132	1,978	5,668	6,548	7,809	7,980	11
- 104	- 161	- 225	- 300	- 46	+ 13	- 211	- 734	- 732	12
- 95	- 203	- 175	- 214	- 136	- 434	- 463	- 608	- 729	
- 5	- 6	- 7	- 8	- 7	- 11	- 24	- 30	- 26	
- 204	- 370	- 407	- 522	- 189	- 432	- 698	-1,372	-1,487	<b>C</b>
+ 120	+ 185	+ 100	+ 150	+ 135	+ 392	+ 417	+ 595	+ 570	<b>D</b>
- 24	- 15	- 20	- 15	- 15	- 81	- 74	- 110	- 65	1
+ 70	+ 17	+ 36	+ 47	+ 31	+ 63	- 27	+ 207	+ 131	2
+ 178	+ 211	+ 260	+ 284	+ 138	+ 331	+ 166	+ 681	+ 888	3
- 24	- 22	- 43	- 40	- 44	- 203	- 184	- 140	- 148	4
+ 10	+ 23	- 11	+ 16	+ 16	+ 7	+ 25	+ 27	+ 44	5
- 3	- 6	- 4	- 3	- 8	- 33	- 48	- 15	- 21	6
-	-	+ 1	+ 2	+ 1	+ 2	+ 17	-	+ 4	7
-	+ 26	-	+ 12	-	+ 42	+ 39	+ 39	+ 38	8
+ 7	+ 8	+ 7	+ 8	+ 7	+ 30	+ 30	+ 30	+ 30	10
- 3	+ 5	- 31	- 25	+ 9	+ 34	+ 89	- 26	- 42	11
- 5	- 27	+ 13	- 22	+ 53	- 124	+ 44	- 33	+ 17	14
- 122	- 35	+ 99	+ 108	- 134	- 28	+ 204	+ 117	+ 41	16
+ 204	+ 370	+ 407	+ 522	+ 189	+ 432	+ 698	+1,372	+1,487	17
									<b>E</b>

**NOTES:**

D A minus sign indicates an outflow of capital from Canada.

D1,2 Exclusive of undistributed profits.

D17 This item includes mainly short-term capital movements in the form of changes in international open account commercial indebtedness, private and chartered bank holdings of exchange, and loans between private unrelated parties. It also includes the balancing item representing unrecorded capital movements and errors and omissions.



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Summary of Capital Movements, 1956 and 1957

(millions of dollars)

	1956		1957			1956	1957
	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	First nine Months	First nine Months
Direct investment in Canada	+ 120	+ 185	+ 100	+ 150	+ 135	+ 410	+ 385
Direct investment abroad	- 24	- 15	- 20	- 15	- 15	- 95	- 50
Canadian securities:							
Trade in outstanding stocks	+ 78	+ 29	+ 43	+ 48	+ 43	+ 166	+ 134
Trade in outstanding bonds	- 8	- 12	- 7	- 1	- 12	+ 24	- 20
New issues	+ 178	+ 211	+ 255	+ 284	+ 138	+ 470	+ 677
Retirements	- 24	- 22	- 42	- 40	- 44	- 118	- 126
Foreign securities	+ 7	+ 17	- 14	+ 15	+ 9	- 5	+ 10
Official loan repayments	+ 7	+ 34	+ 7	+ 20	+ 7	+ 35	+ 34
Canadian dollar holdings of foreigners	- 3	+ 5	- 31	- 25	+ 9	- 31	- 47
Official holdings of gold and foreign exchange (increase, -)	- 5	- 27	+ 13	- 22	+ 53	- 6	+ 44
Other capital movements	- 122	- 35	+ 102	+ 108	- 134	+ 152	+ 76
Net capital movement financing current account	+ 204	+ 370	+ 406	+ 522	+ 189	+1,002	+1,117