

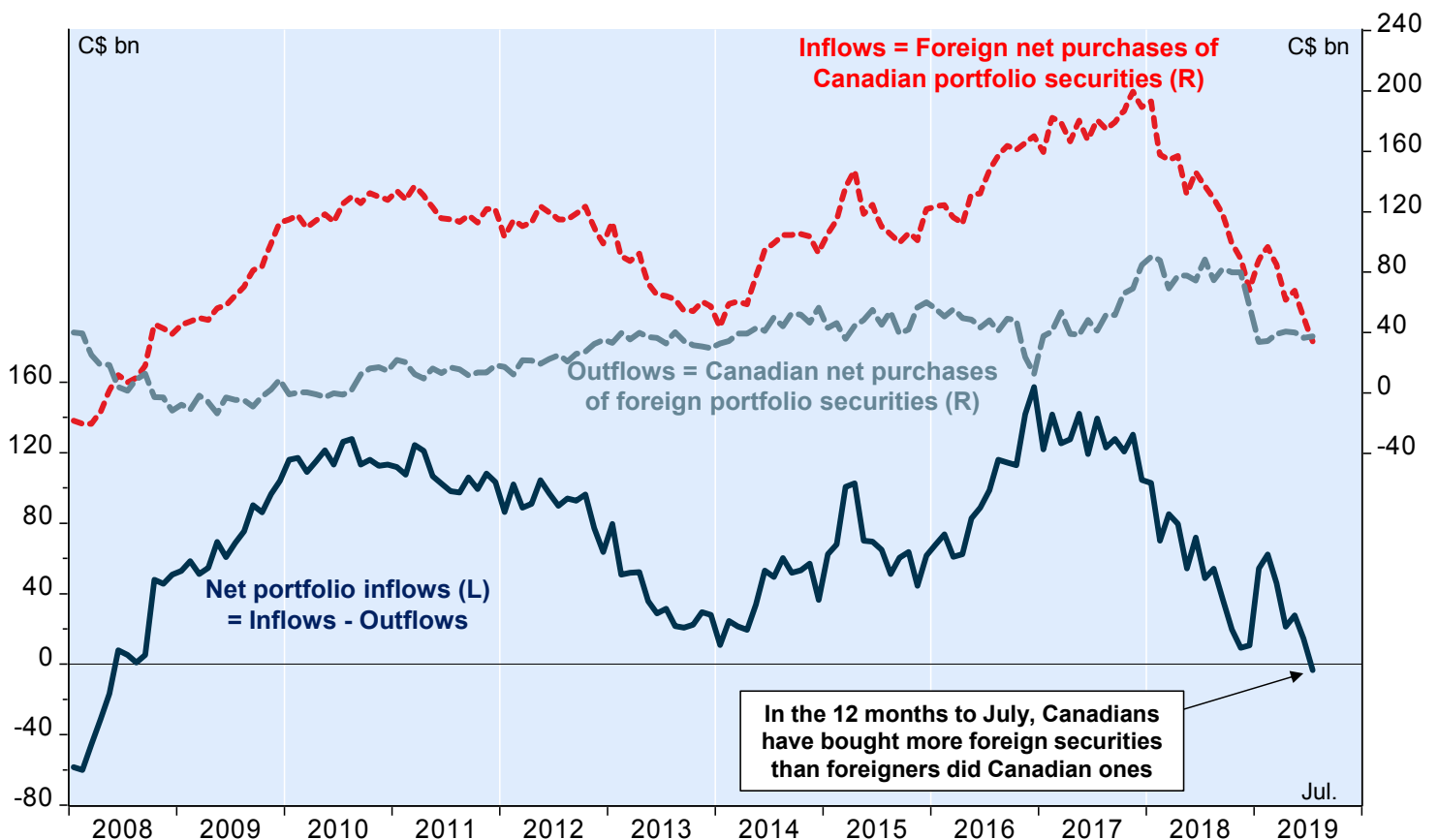
## Canada Watch

By Krishen Rangasamy

In the 12 months to July, Canadians have bought more foreign securities than foreigners did Canadian ones. As today's *Hot Chart* shows, it's the first time since 2008 that Canada sees net outflows (or negative net inflows) of portfolio investment on a twelve month cumulative basis. That was largely a result of transactions in bonds whose net outflows over the period were due to strong demand by Canadians for foreign corporates and diminishing appetite of foreigners for Canadian sovereigns. So, what are the implications of net outflows of portfolio investment? Recall that Canada's current account deficits have been financed in each of the last 11 years by net inflows of portfolio investment. Absent those net inflows, Canada will either have to run smaller current account deficits or find ways to attract other types of foreign capital e.g. FDI.

### Canada: Net portfolio inflows turn negative

Net portfolio investment flows, 12-month cumulative



NBF Economics and Strategy (data via Statistics Canada)

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