

## GoC bond market: This is 40! (Again)

By Warren Lovely & Ethan Currie

Foreign flows in Canadian bonds can often be misleading/misinterpreted, as StatCan reports investor action in these securities denominated in *all* currencies. So, when Canadian issuers go south (selling debt in USD) or across the pond (issuing in EUR, etc.), this tends to be reflected in big-time foreign buying of “Canadian” bonds. We shouldn’t minimize the importance of issuer access to deep pools of investable cash in international bond markets, though. Whether for Canadian provinces, PSEs or corporates (banks), those foreign currency bond deals mechanically divert supply away from the home market and can allow domestic investors to breathe a sigh of (supply) relief. But if you want to understand what’s happening with non-resident positioning in the domestic (CAD-denominated) bond market, you should really look at the finer details on net flows in the GoC space (which tends to be ground zero when it comes to foreign engagement in Canadian bonds).

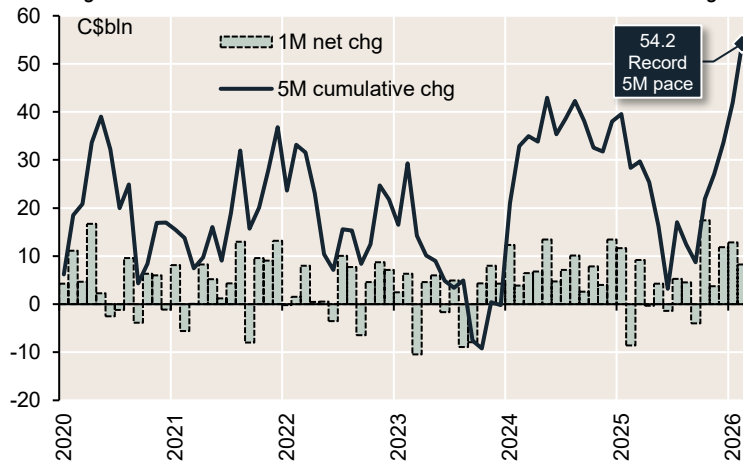
Keying on this, recent foreign investment flows are striking and broadly supportive of the GoC bond market. In February (the most recently

available data), non-residents added over C\$8bln to their holdings of domestic (CAD-denominated) GoC bonds—partially a rotation out of T-bills). February’s net bond buying added to hearty investments in prior months (which we highlighted previously, [here](#)). In all, foreigners scooped up ~C\$55bln of GoC bonds between Oct-25 and Feb-26, an entirely unprecedented tally for any 5-month period (Chart 1).

With non-domestic accounts absorbing a material share of net new bond supply (Chart 2), their ownership share of outstanding GoC bonds was... drumroll please... a record 40.3% as of February! (This is 40... get it?) That’s partly a function of the BoC having vacated the space, who was the prior ~40% shareholder at the peak of QE. (This was 40—[link](#).) The Bank’s ownership is now down to 12.9%, even lower than the pre-COVID level (Chart 3). All that to say, Canada is more beholden to foreign investors, including foreign-based hedge funds, than ever before (Chart 4). So—thank you, non-resident investors, for your strong support of Canada’s bond market and ambitious fiscal plans.

### Chart 1: Non-residents continue to scoop up GoC bonds...

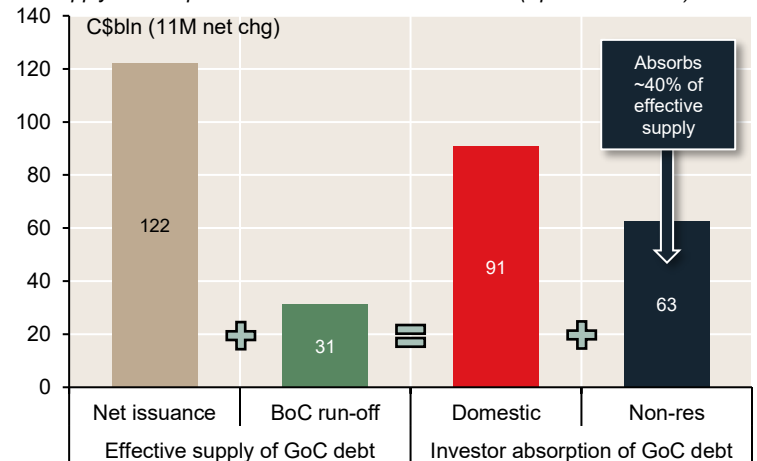
Net foreign investment in domestic GoC bonds: 1M and 5M cumulative change



Source: NBC, StatCan | Note: CAD-denominated GoC bonds only

### Chart 2: ... absorbing ~40% of net GoC bond supply this FY

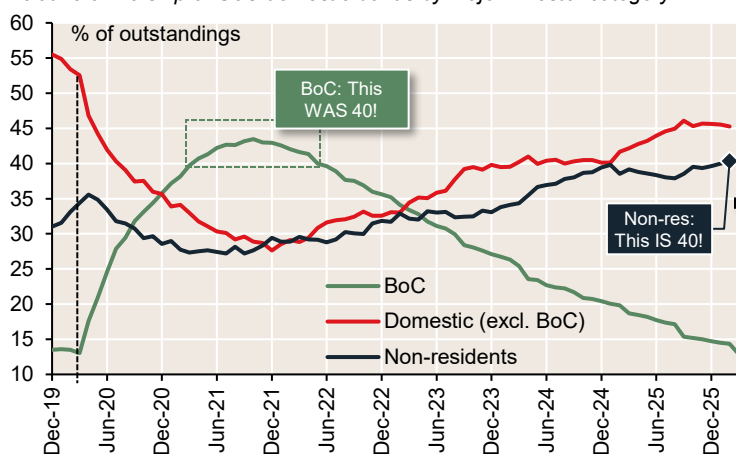
Net supply & absorption of GoC bonds: 2025-26 FYTD (Apr-25-to Feb-26)



Source: NBC, StatCan, BoC | Note: CAD-denominated GoC bonds only

### Chart 3: BoC was 40, non-res are now 40 (% of GoC ownership)

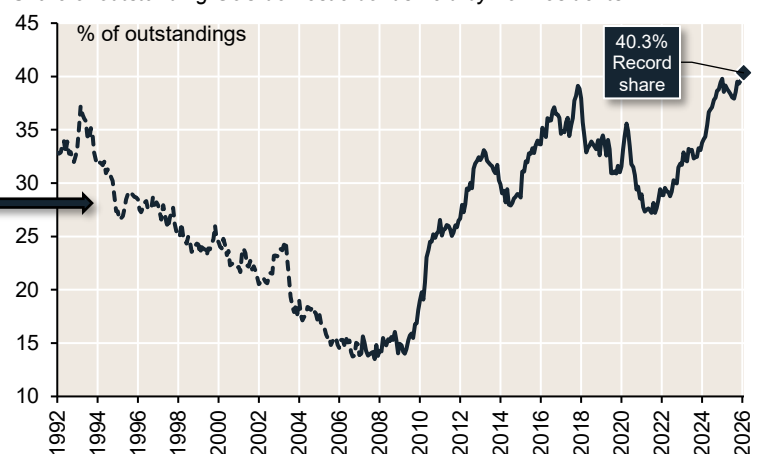
Relative ownership of GoC domestic bonds by major investor category



Source: NBC, StatCan | Note: Monthly book value; domestic / non-resident shares to Feb-26, BoC share to Mar-26; dotted line denotes beginning of BoC QE program

### Chart 4: Record share of GoC bonds held outside the country

Share of outstanding GoC domestic bonds held by non-residents



Source: NBC, StatCan | Note: Based on monthly book value to Feb-26; ownership share is inferred prior to 2007



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