

Non-resident absorption of GoC bonds: Past and future

By Warren Lovely, Taylor Schleich & Ethan Currie

Supply creates demand and so it goes in the GoC bond market, with non-resident investors remaining a critical part of Canada's sovereign bond balancing act. We've picked up this topic time and again. And with a fresh batch of international securities transactions data in hand, we aim to close the (non-resident) book on the government's 2025-26 fiscal year.

The latest monthly tally maybe didn't sound great, as non-residents technically reduced their holdings of domestic GoC bonds in March. But let's have a little perspective. Given an ultra-chunky March maturity (CAN 0.25% 03/2026s, \$33.4 billion effective o/s), the outstanding stock of GoC bonds outright declined in March (if only temporarily). So, without adding to their holdings, foreign investors saw their ownership share of the GoC market edge up to 40.9%, establishing a fresh monthly record.

Moreover, given earlier net buying, non-residents net added more than \$60 billion to their holdings of domestic GoC bonds in the latest 12-month

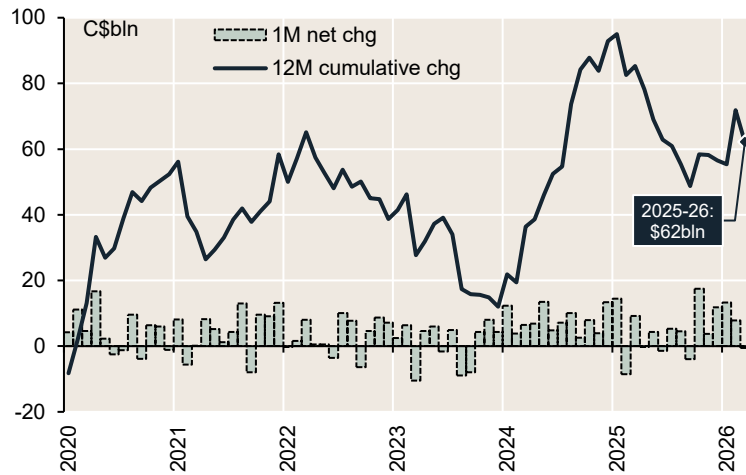
period (i.e., during fiscal 2025-26). This is a non-trivial buying pace, equivalent to nearly 2% of GDP on an annualized basis.

Thus, non-residents have absorbed a material share of available GoC bond supply after BoC run-off has been controlled for. As per Chart 3, the effective stock of GoC bonds jumped \$162 billion higher in 2025-26. The \$62 billion or 38% placed with non-residents eased the strain on domestic investors (who still had to take down a cool hundred billion in 2025-26).

In terms of GoC bond supply, there's not meant to be any real let up in the near term. For fiscal 2026-27 (covering Apr-26 to Mar-27), net issuance could well top \$150 billion, with some \$18 billion scheduled to run off the BoC's balance sheet. That equates to effective bond supply of ~\$170 billion... larger than ever before and leaving plenty of available product for non-residents. Good thing inflation and budgetary anxiety is more contained in Canada vs. any number of developed market peers.

Chart 1: Even though non-residents took breather in March...

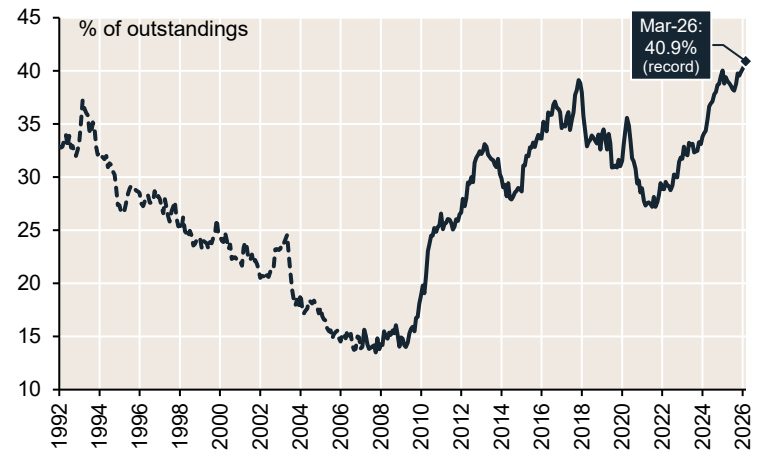
Net foreign investment in domestic GoC bonds: 1M & 12M cumulative change



Source: NBC, StatCan | Note: Book value of CAD-denominated GoC bonds only; latest 12M period (\$62bln) corresponds to 2025-26 fiscal year

Chart 2: ... foreign ownership share set a fresh record

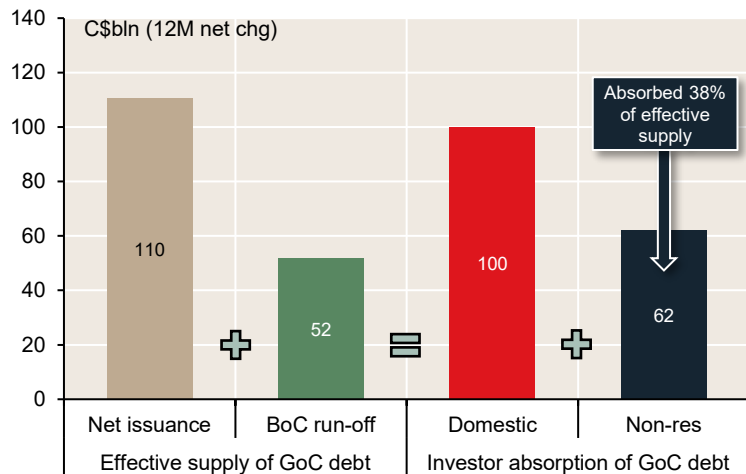
Share of outstanding domestic GoC bonds held by non-residents



Source: NBC, StatCan | Note: Based on book value of CAD-denominated GoC bonds only; monthly to Mar-26; foreign ownership share of domestic bonds inferred prior to 2007

Chart 3: Non-residents important part of GoC balancing act

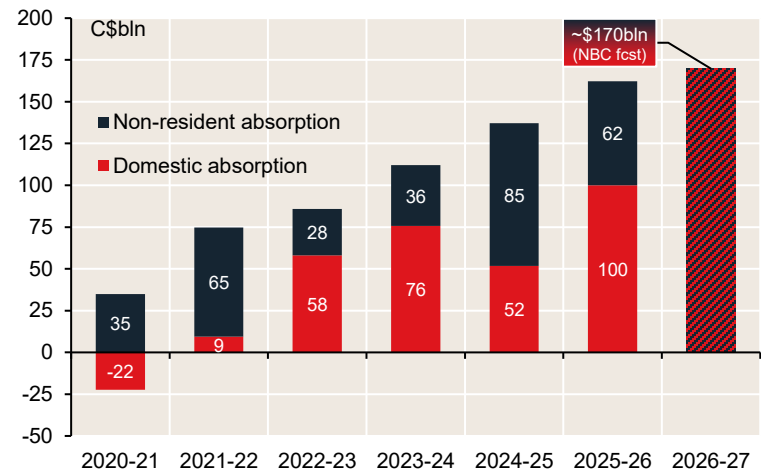
Net supply & absorption of GoC bonds: 2025-26 FY (Apr-25-to Mar-26)



Source: NBC, StatCan | Note: Represents net change in book value of CAD-denominated GoC bonds

Chart 4: Ever more bonds to absorb in 2026-27 (~\$170bln worth)

End investor absorption of GoC bonds by fiscal year, incl. 2026-27 projection



Source: NBC, StatCan | Note: Combined bar height represents net change in book value of effective GoC bond stock (i.e., after BoC); 2026-27 is NBC projection



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NBC.EconomicsStrategy@nbc.ca

To contact us:
514-879-2529

Stéfane Marion
Chief Economist and Strategist
stefane.marion@nbc.ca

Matthieu Arseneau
Deputy Chief Economist
matthieu.arseneau@nbc.ca

Jocelyn Paquet
Senior Economist
jocelyn.paquet@nbc.ca

Kyle Dahms
Senior Economist
kyle.dahms@nbc.ca

Alexandra Ducharme
Senior Economist
alexandra.ducharme@nbc.ca

Daren King, CFA
Senior Economist
daren.king@nbc.ca

Warren Lovely
Chief Rates and Public Sector Strategist
warren.lovely@nbc.ca

Taylor Schleich
Rates Strategist
taylor.schleich@nbc.ca

Ethan Currie
Strategist
ethan.currie@nbc.ca

Angelo Katsoras
Geopolitical Analyst
angelo.katsoras@nbc.ca

Nathalie Girard
Senior Coordinator
n.girard@nbc.ca

Giuseppe Saltarelli
Desktop Publisher
giuseppe.saltarelli@nbc.ca

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