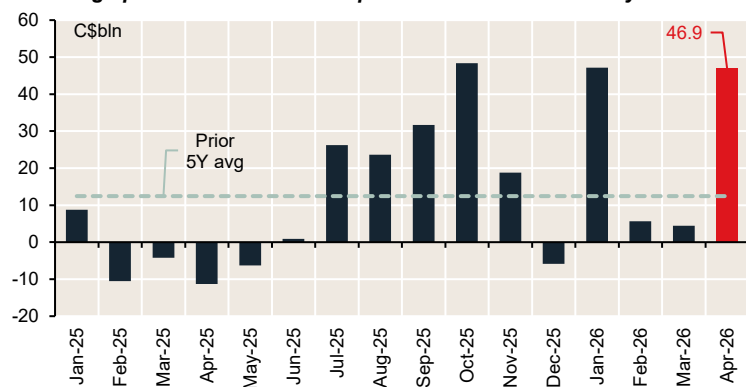


Fun facts on foreign flows (into Canadian bonds)

By Warren Lovely

1) As per StatCan's fresh securities transactions data, non-residents were big-time buyers of Canadian portfolio securities in April (\$46.9bln). This is *not* really a new (nor particularly surprising) story, with foreign investors having net added Canadian assets in 10 of the past 11 months. Nonetheless, the magnitude of April's headline is fairly striking (again).

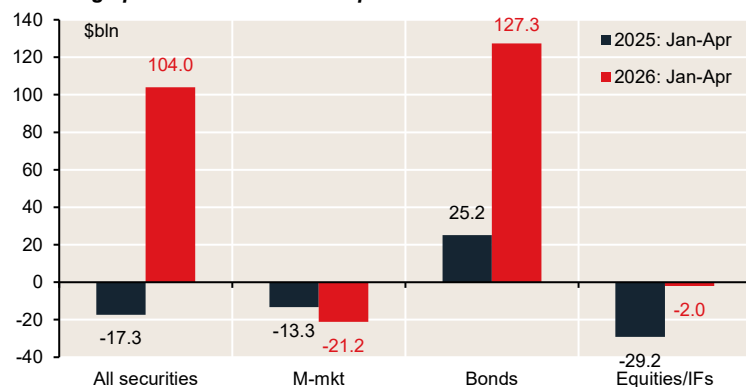
Net foreign purchases of Canadian portfolio securities: Monthly



Source: NBC, StatCan

2) My how things have changed compared to one year ago. In the first four months of 2026, non-residents accumulated \$104bln of Canadian securities. At the equivalent point of 2025, foreigners were collectively divesting, cooling to Canadian risk as President Trump's tariffs (real and threatened) clouded the outlook for an overtly U.S.-dependent Canadian economy. Turning foreign investors back on to Canada has added a vital source of demand, at a time when supply remains relatively elevated.

Net foreign purchases of Canadian portfolio securities: YTD basis



Source: NBC, StatCan

3) Whilst non-residents were loading up on Canadian assets in April, domestic investors repatriated some foreign investment dollars. This resulted in an extraordinary (although not-entirely unprecedented) net capital inflow of \$58.3bln. That *one-month* net capital inflow was roughly twice what's needed to finance Canada's *full-year* current account deficit (currently estimated at around \$25bln for calendar 2026).

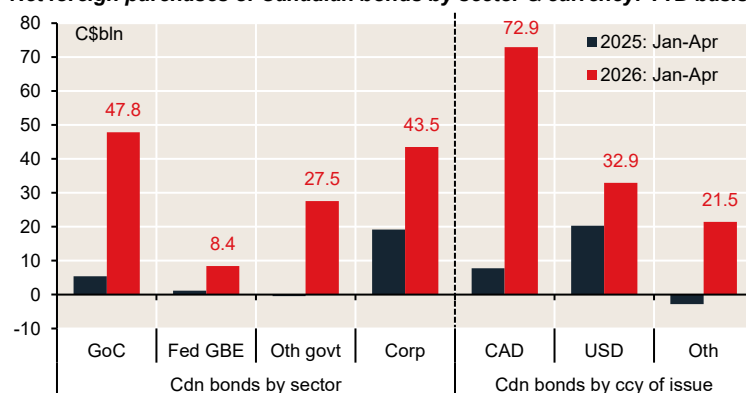
4) April's outsized net portfolio capital inflow coincided with (resulted in) a stronger Canadian dollar. Recall: CAD appreciated roughly 2½% in April, as crude oil prices were held up by major supply disruptions in the Middle East. Alas, that strength proved temporary; the loonie's wings

have since been clipped. In recent sessions, crude prices have corrected on peace prospects, with yield differentials likewise no help for the loonie. NBC currency strategist Kyle Dahms pegs CAD fair value at north of 1.40, with our monthly FOREX publication available [here](#).

5) April's binge buying of Canadian portfolio assets was concentrated in bonds. The latest surge into Canadian bonds overshadowed modest net foreign buying of Canadian equities. Non-residents outright reduced their holdings of Canadian money market paper during the month.

6) All Canadian bond sectors have attracted foreign investor interest this year, led by the biggest issuer in the land: the Government of Canada (GoC). Indeed, the \$27.7bln of GoC bonds gobbled up by non-residents in April set a new monthly record. And it wasn't particularly close, the prior monthly high-water mark standing fully 10 yards lower (+\$17.6bln during peak-COVID funding lift of Apr-20).

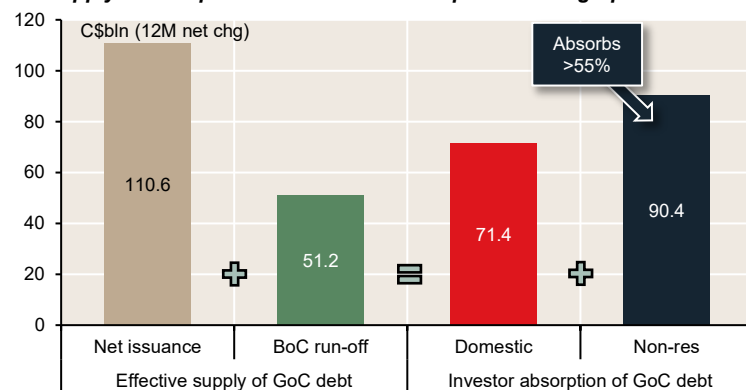
Net foreign purchases of Canadian bonds by sector & currency: YTD basis



Source: NBC, StatCan

7) Foreign accumulation of GoC debt has outstripped growth in the available bond stock, which is saying something, given Ottawa's ambitious debt-financed capital spend and (continued) run-off in the BoC's bond holdings. Consider: Foreign investors absorbed more than half (~55%) of the increase in available GoC bonds in the twelve-month period ending Apr-26. Net foreign absorption is more like 90% on a shorter-term, calendar YTD basis (i.e., covering January through April).

Net supply & absorption of GoC bonds: 12M period ending Apr-26

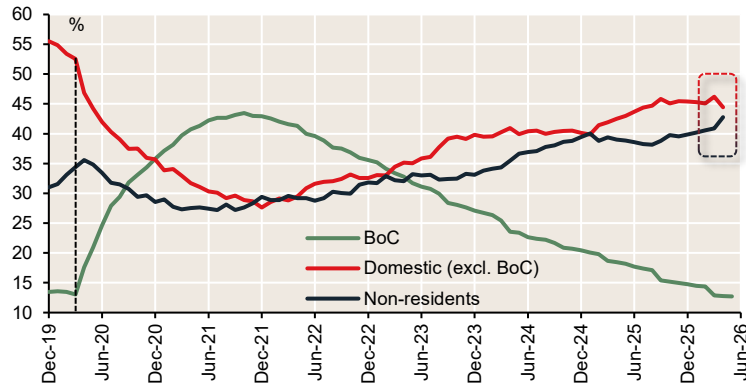


Source: NBC, StatCan, BoC | Note: Net change in book value; CAD issues only



8) It follows that the foreign ownership share of outstanding GoC bonds has pushed higher, setting new heights. Non-residents controlled precisely 42.8% of the GoC bond market as of April vs. a long-run average of less than 30%.

Ownership share of outstanding GoC bonds by major investor type

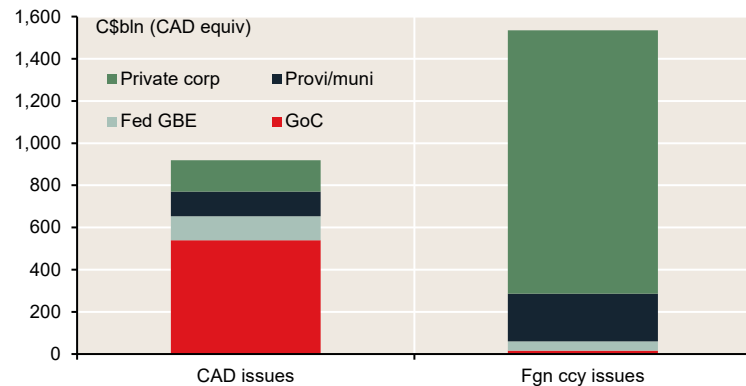


Source: NBC, StatCan, BoC | Note: Based on monthly book value; CAD issues only

9) Looked at another, the \$540bln of GoC bonds held by non-residents is almost as significant as the total amount held by all domestic end investors (excluding the central bank). As a reminder, StatCan's recent National Balance Sheets Accounts data provide useful colour on who holds outstanding Canadian debt by major sector.

10) Beyond the sovereign, non-residents net added to their holdings of other Canadian bonds. They took down big slugs of both provincial and corporate bonds in April, much of the action coming via primary issues. Both of those sectors—provis and corps—have long relied on international debt capital markets, steering non-trivial supply to USD, EUR and other foreign currency markets so far this year. Without minimizing non-resident participation in the CAD market, the clear majority of the 'Canadian' bonds held by non-residents are denominated in foreign currencies.

Foreign holdings of Canadian bonds by sector & currency: Apr-26



Source: NBC, StatCan | Note: Book value

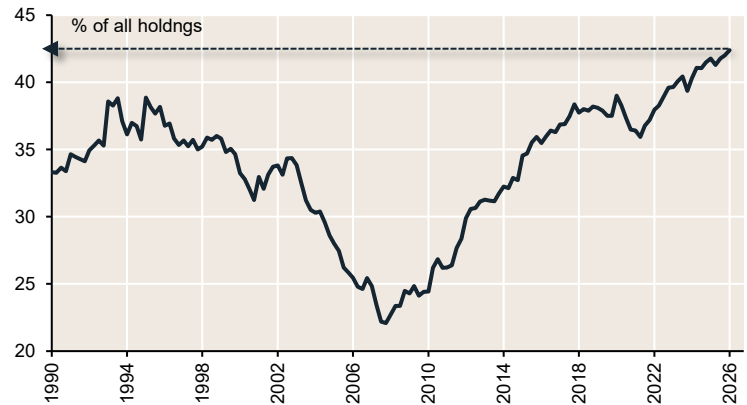
11) Provinces have leaned on international markets like never before in 2026, including a record foreign currency lift back in April. In other words, we knew full well that StatCan's securities transactions release was going to show ample foreign buying of provincial bonds in April. Note: A forthcoming Market View will shed much more light on provincial government utilization of international bond markets. Stay tuned.

12) By diverting so much supply to international markets, provinces have limited the amount of product available to domestic investors. That's

technically supportive of domestic provincial spreads and likewise opens room in Canada's so-called 'Maple bond' market for international issuers. Witness the two high-profile, large-scale, multi-tranche offerings from U.S. hyperscalers this spring, which presumably caught the attention of other prospective Maple bond issuers.

13) So in both domestic and international markets, Canadian issuers have turned to foreign bond investors in truly historic fashion. As a nation, we've never been more beholden to foreign investors. Makes it vital that our governments and corporates give foreign players reason(s) to stay invested... for there's going to be no real let in net bond supply from here.

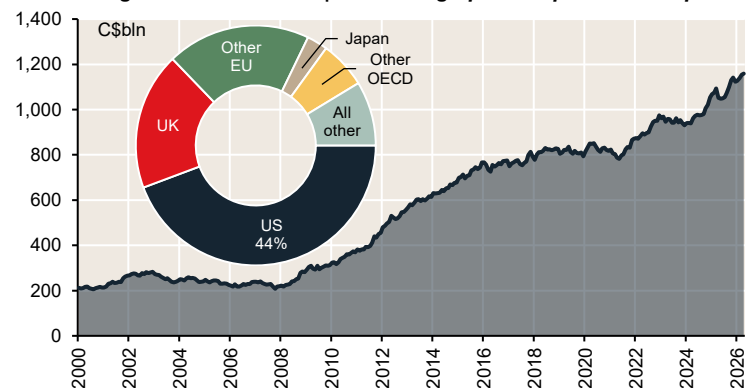
Non-resident ownership share of Canadian bonds (all sectors, all ccys)



Source: NBC, StatCan | Note: Based on quarterly (NBS) market value to 2026:Q1

14) Finally, a debt capital markets perspective on Canada's reliance on the U.S. The good news? Foreign ownership of outstanding Canadian debt is more geographically diverse (or less concentrated) than Canada's heavily U.S.-dependent export basket. But don't kid yourself, American investors are plenty important to Canadian issuers, whether they come to us in the domestic market or our issuers go to them via USD supply. As of April, U.S.-based investors held roughly \$1.15tn of Canadian debt securities (long- and short-term), which was 44% of the growing pile of Canadian debt controlled outside the country. So far in 2026, American investors have accounted for an even larger share of non-resident investment, absorbing more of Canada's net bond supply than any other country/region. President Trump may claim that Canada has nothing the U.S. wants, but American bond investors may beg to differ. For their part, Canadian bond issuers are presumably grateful, this relationship very much remaining of the 'mutually beneficial' variety.

U.S. holdings of Canadian debt | Inset: Geographic snapshot as of Apr-26



Source: NBC, StatCan | Note: Monthly book value to Apr-26; combines m-mkt & bonds



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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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