Market View

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What a difference a year makes (for foreign bond investors)

By Taylor Schleich & Warren Lovely

As per StatCan's latest securities transactions data, non-residents were once again net buyers of Canadian portfolio securities in May as they have been every month this year. But unlike April (**link**), investment was less broad-based as foreigners net sold Canadian equities. Fortunately, buying of debt securities—mostly bonds—more than offset this. This dynamic is in contrast to the first half of 2025 when President Trump's tariff tirade spooked investors. Back then, Canadian bond buying slowed and was eclipsed by outright money market and equity divestment.

A voracious appetite for Canadian bonds has been a key theme in 2026, with year-to-date net buying of $145 billion marking the strongest-ever start to a year. And compared to first five months of 2025, non-resident investment is up across all sectors with investors across all geographies appearing to grow more optimistic (or less pessimistic) on Canada.

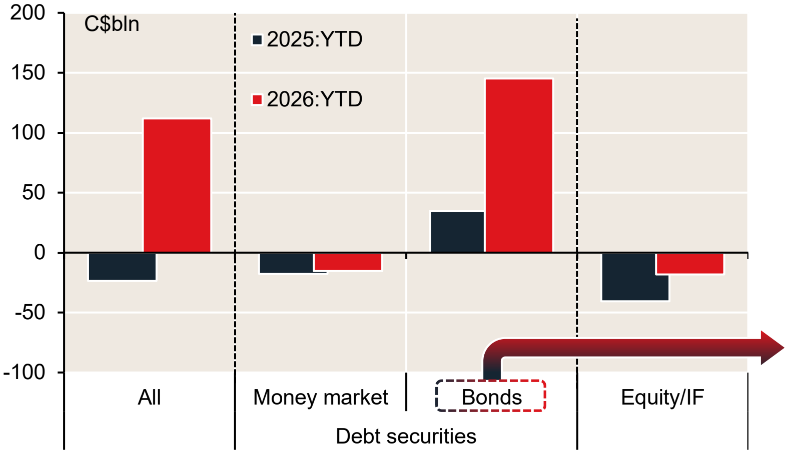
Of course, supply can beget demand, and a heady pace of borrowing has no doubt contributed to record buying—but issuance was hardly restrained last year. Relatedly, these data include "Canadian" bonds denominated in other currencies which are geared toward non-residents. And while foreign issuance has been abundant in 2026, it's notable that net buying of *Canadian dollar* debt also set a year-to-date record tally.

Nowhere are foreign investors more important than for GoC bonds and their impact on funding Ottawa's ambitious investment agenda is notable. Non-resident buying has outpaced that of domestic investors lately and their share of the GoC bond stock set a fresh record in May.

When it comes to Canadian investors, the 'sell America' phenomenon is evident… kind of. Domestics have shed U.S. Treasury bonds at a record pace over the last year, but this net divestment has been dwarfed by record (or near-record) buying of other U.S. bonds and equities. So, Canadian investors may not be demonstrating full-fledged patriotism but a continued pullback from U.S. Treasuries bodes well for relative GoC performance, especially if foreigners remain engaged in Canadian debt.

Chart 1: Non-res buying of Cdn bonds has surged in 2026…

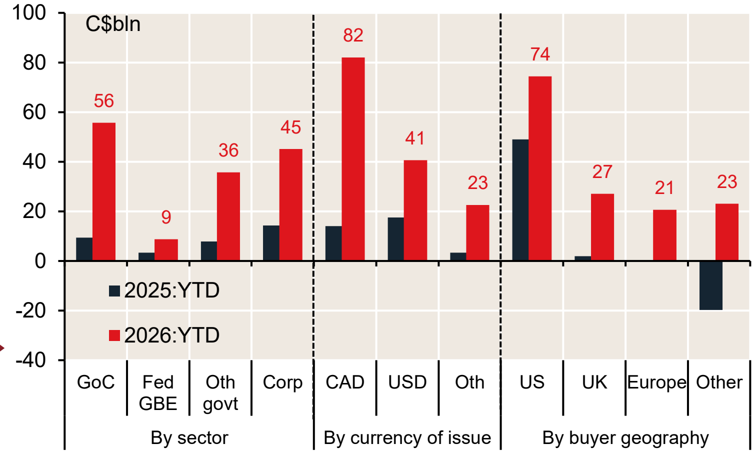
Net foreign purchases of Canadian portfolio securities: YTD



Source: NBC, StatCan | Note: IF refers to investment funds

Chart 2: …with gains in all sectors, currencies, geographies

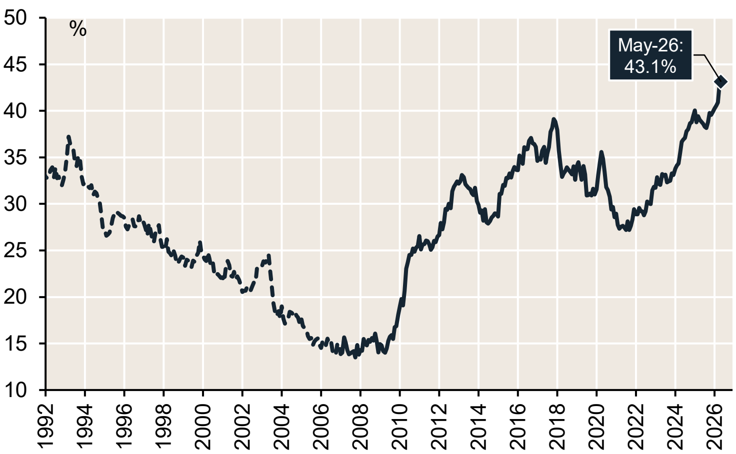
Net foreign purchases of Canadian bonds by sector, currency & geography: YTD



Source: NBC, StatCan | Note: "Oth govt" refers to provis/munis. Europe excludes the U.K.

Chart 3: Non-resident footprint in GoC bonds is growing

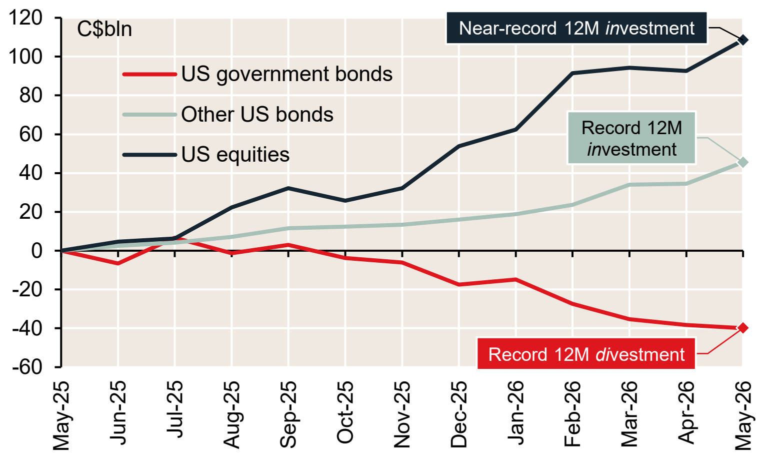
Non-resident holdings of domestic GoC bonds: Share of outstandings



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 4: Canadians shun USTs, embrace all else American

Canada's cumulative purchases of U.S. bonds & equity securities: Last 12M



Source: NBC, StatCan | Note: Record 12M U.S. equity investment registered from Jun-20 to Jun-21 ($109.8 bln). Equity investment from May-25 to May-26 was $108.7 bln.

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