



Canada's great national balancing act

By Warren Lovely

It's not uncommon for Canada's quarterly national balance sheet accounts (NBSA) release to generate attention. Most typically, the analytical lens focuses in on the household sector. More specifically still, much effort is taken to understand and contextualize how much debt Canadian households are walking around with.

Understanding household vulnerabilities is a vital undertaking for a country like Canada, where no little amount of leverage has been taken on. But we were eager to explore other dimensions of the national balance sheet accounts, including shifting ownership patterns for the country's marketable debt securities.

NBSA data show us who is taking down all the debt Canadian issuers are racking up. Here, we can compare foreign engagement against a laundry list of domestic counterparty types. Notwithstanding sector-to-sector nuance, non-residents are clearly an important part of the national balancing act, absorbing a material share of net new debt. With plenty more debt to be issued—from the feds, the provinces, other public sector entities, banks and non-financial corporates—keeping a diverse set of investors tuned in and turned on will surely be key.

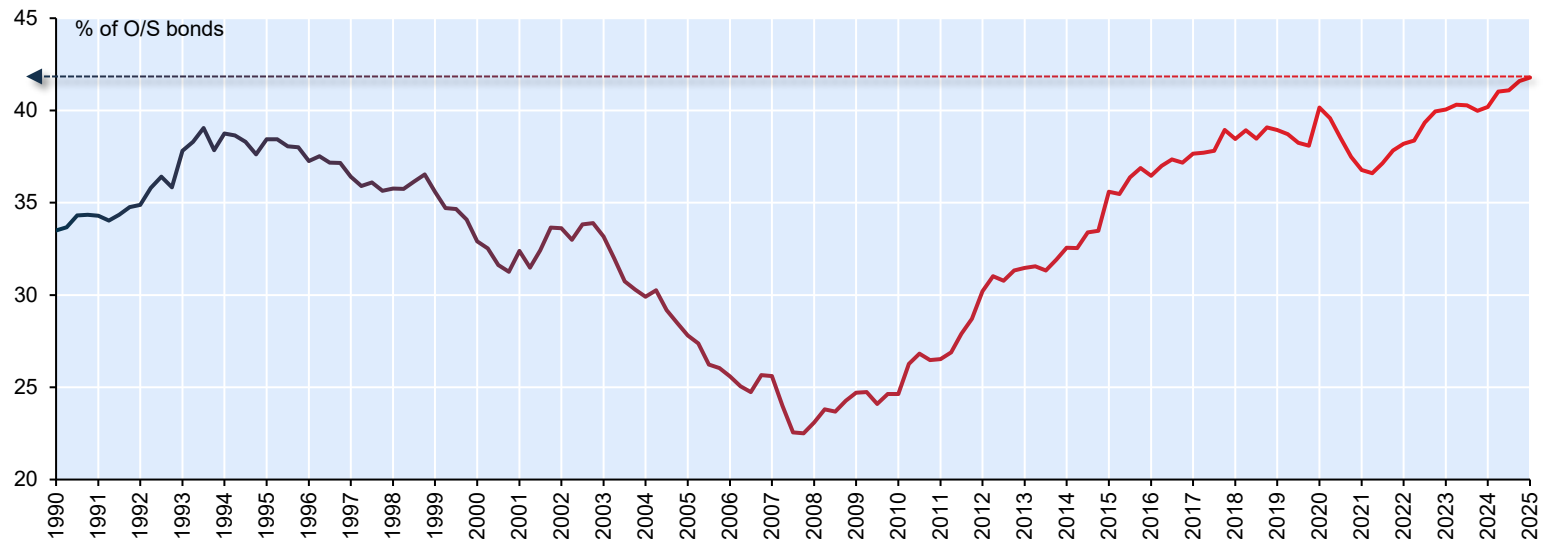
The following high-level points relate to the **seven charts** on pages 1-2. The **table** on page 3 provides a granular look at debt ownership...

(1) Non-residents own 42% of all the bonds issued by Canadian entities. That's a record share, north of the broad foreign ownership share registered 30-odd years ago when the nation's finances were in disarray... (2) The amount of outstanding Canadian debt has essentially doubled in the past decade, the ratio to GDP off its COVID peak but nonetheless rising 3-5%-pts per year of late. In a sense, all this supply created demand, since it has to be placed somewhere. Simply put, much Canadian debt has been made available to investors, whether foreign or domestic... (3) Canada's debt stock is diversified across sectors, with utilization of international funding markets less than

uniform. Note that detailed ownership tallies are only available for select issuers/sectors. For example, NBSA data include detailed holdings of GoC debt. Ditto for provincial or local governments bonds. But there's a somewhat limiting aggregation of all 'other' debt, despite varying credit profiles, issuance tempos, borrowing strategies and other investor considerations within this group. Alas, we work with what StatCan gives us... (4) In all, non-residents hold ~\$2.5 trillion of 'Canadian' debt. That refers to short-term paper and bonds issued by all Canadian entities, regardless of currency. We're not just talking about CAD-denominated paper here. Indeed, the largest share of the so-called 'Canadian' bonds that non-residents own are denominated in foreign currencies (e.g., USD, EUR)... (5) It perhaps follows that foreign ownership shares vary across sectors. The non-resident ownership share of domestic GoC bonds has risen significantly (to roughly 40%). While that reflects the growing involvement of foreign hedge funds, the official sector and other 'real money' types are likewise more present these days. Surely Canada's fiscal outlook is less perilous than some others, while a broad de-dollarization trend has seemingly driven marginal funds to Canada. We'll take it... (6) The BoC's exit from the GoC bond market is another technical consideration, adding to the amount of paper ultimately needing to be placed with end investors. As earlier quantified, non-residents absorbed 59% of effective GoC bond issuance in fiscal 2024-25 (ending Mar-25). That was a serious sponge as the effective debt stock expanded... (7) Based on federal and provincial fiscal plans/pledges, there will continue to be plenty of Canadian government debt to digest from here. Elsewhere, the nation's PSEs are likely to remain active, to say nothing of net requirements for our banks and non-financial corporates. Even if the non-resident ownership share goes no higher, we're apt to see more Canadian debt held outside the country. That's not without risk mind you, but at present, the various debt absorption, supply diversion and liquidity enhancement benefits are hard to overlook.

Chart 1: Canada has record exposure to non-resident bond investors

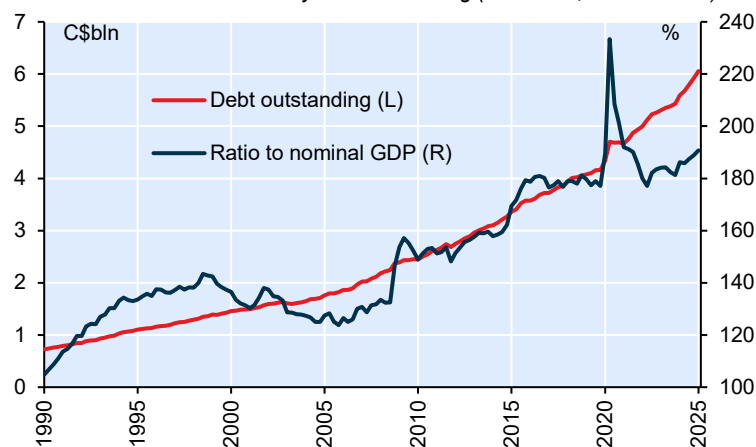
Non-resident ownership share of outstanding Canadian entity bonds (issued by all sectors, denominated in all currencies)



Source: NBC, StatCan | Note: Based on balance sheet accounts book value (to 2025:Q1); based on bonds issued by all Canadian entities, denominated in all currencies (not just CAD)

Chart 2: Does supply create (non-resident) demand?

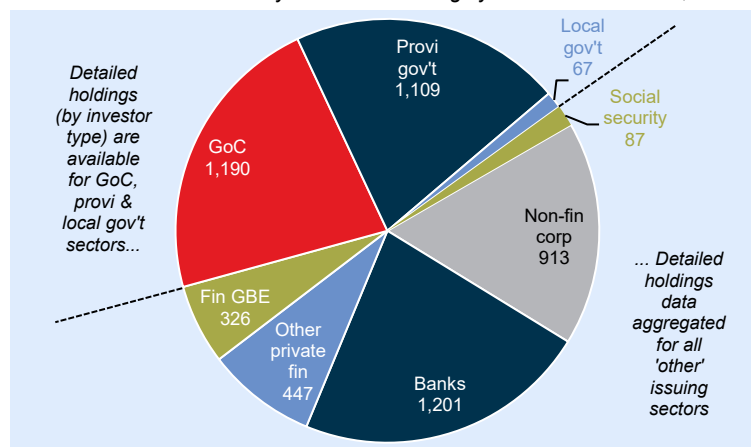
Absolute/relative Canadian entity debt outstanding (all sectors, all currencies)



Source: NBC, StatCan | Note: Quarterly book value to 2025:Q1; sum of Cdn short-term paper & bonds; refers to Cdn entity debt denominated in all currencies

Chart 3: Come and get it! Over \$5tln of Cdn bonds available

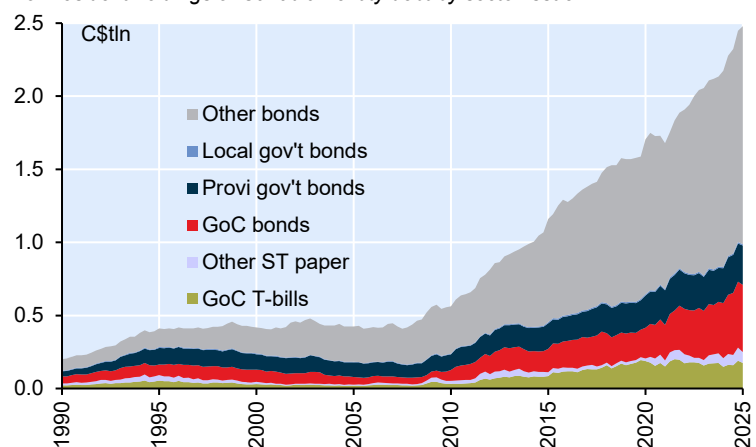
Distribution of Canadian entity bonds outstanding by sector/issuer: 2025Q1



Source: NBC, StatCan | Note: Book value; excludes >\$700bln in Cdn short-term paper o/s; refers to Cdn entity bonds denominated in all currencies

Chart 4: Closer look at the Cdn paper non-residents hold

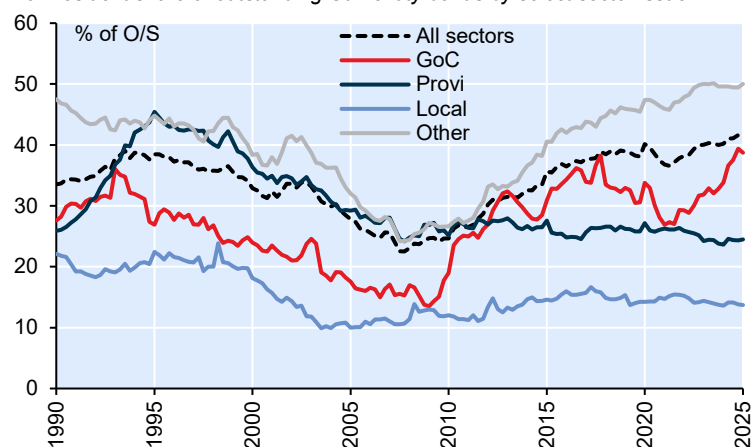
Non-resident holdings of Canadian entity debt by sector/issuer



Source: NBC, StatCan | Note: Quarterly book value to 2025:Q1; includes Cdn entity debt denominated in all currencies

Chart 5: Foreign ownership of GoC bonds up most notably...

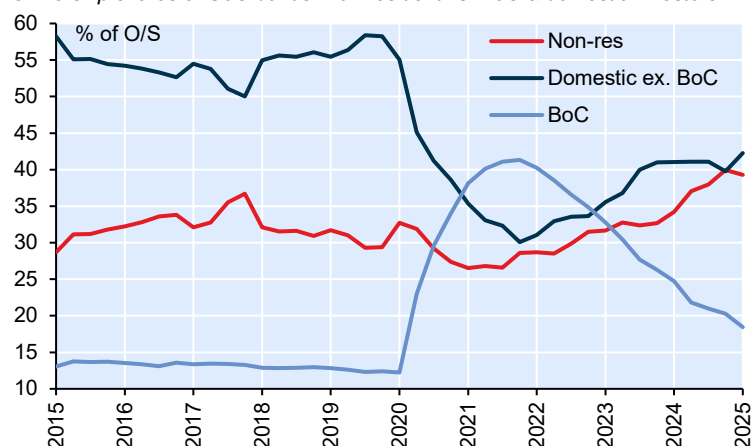
Non-resident share of outstanding Cdn entity bonds by select sector/issuer



Source: NBC, StatCan | Note: Based on quarterly book value to 2025:Q1; refers to bonds denominated in all currencies

Chart 6: ... as Bank of Canada exited sovereign bond market

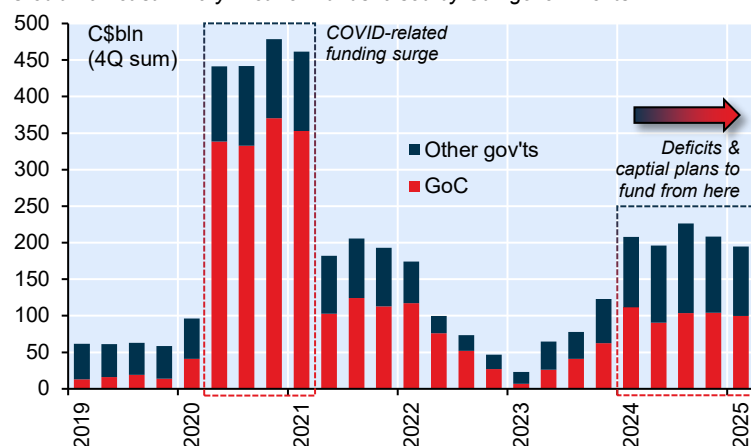
Ownership shares of GoC bonds: Non-resident vs. BoC & domestic investors



Source: NBC, StatCan | Note: Quarterly market value to 2025:Q1; monthly book value shares available separately via Canada's International Securities in Transactions release (StatCan)

Chart 7: Governments still have plenty of funding to do

Credit market summary: Net new funds raised by Cdn governments



Source: NBC, StatCan | Note: Quarterly to 2025:Q1; smoothed 4Q; includes short-term paper & bonds; includes net new debt denominated in all currencies

Table: Detailing the ownership of C\$5.91 trillion (market value) of Canadian debt securities
Market value & share of total holdings: Canadian debt securities by type of paper & holdings by detailed NBS sector (as at 2025:Q1)

Holdings (C\$bln, market value)	Cdn debt securities	Canadian short-term paper			Canadian bonds				
		All Cdn ST paper	Gov't of Canada	Other sectors	All Cdn bonds	Gov't of Canada	Provincial gov'ts	Local gov'ts	Other sectors*
Total all sectors	5,914.6	719.0	286.9	432.1	5,195.7	1,157.6	1,055.8	67.8	2,914.4
Domestically held (incl. monetary authority)	3,552.1	542.4	212.8	329.6	3,009.7	702.6	797.6	58.4	1,451.1
Households & non-profit institutions	123.5	9.2	1.4	7.8	114.3	20.4	26.0	12.9	55.0
Corporations	2,976.0	429.9	181.7	248.1	2,546.1	616.3	667.3	39.3	1,223.2
Non-financial corporations	115.7	74.8	26.7	48.2	40.9	8.6	3.5	0.0	28.8
Financial corporations	2,860.2	355.0	155.1	200.0	2,505.2	607.7	663.7	39.3	1,194.4
Bank of Canada	227.1	0.0	0.0	0.0	227.1	213.5	7.9	0.0	5.6
Chartered banks & quasi-banks	612.7	81.3	43.3	38.0	531.4	99.4	173.3	6.5	252.2
Insurance & pension funds	975.5	74.4	35.6	38.8	901.0	182.5	358.9	26.5	333.1
Life insurance business	237.8	16.4	10.3	6.1	221.4	16.5	67.3	18.0	119.5
Segregated funds of lifecos	31.9	4.2	1.4	2.8	27.8	7.2	8.3	0.0	12.3
Trusteed pension plans	597.6	36.7	14.0	22.7	560.9	131.7	257.0	8.5	163.8
Property & casualty insurance	108.1	17.1	9.9	7.2	91.0	27.2	26.3	0.0	37.5
Total other private financial institutions	727.9	187.9	68.6	119.4	539.9	96.6	118.8	6.3	318.3
Mutual funds	595.2	131.4	50.4	81.0	463.8	73.3	97.9	6.0	286.6
Other intermediaries, excl. ins/pension	57.7	18.4	5.1	13.3	39.3	12.0	6.8	0.2	20.3
Financial auxiliaries	34.1	8.9	3.2	5.7	25.3	8.8	9.5	0.0	6.9
Captive fin'l institutions & money lenders	40.8	29.2	9.9	19.4	11.6	2.5	4.6	0.0	4.5
Financial gov't business enterprises	317.1	11.4	7.5	3.8	305.8	15.7	4.8	0.0	285.3
General governments	452.7	103.3	29.6	73.7	349.4	65.9	104.4	6.2	173.0
Federal general government	47.1	0.3	0.1	0.3	46.8	8.8	0.2	0.0	37.7
Other levels of general government	276.3	89.4	29.6	59.8	187.0	29.8	65.9	5.2	86.1
Provincial & territorial governments	219.9	76.7	29.4	47.3	143.2	22.9	53.3	0.3	66.7
Local governments	56.4	12.6	0.1	12.5	43.8	7.0	12.6	4.9	19.3
Social security funds	129.2	13.6	0.0	13.6	115.6	27.2	38.3	0.9	49.2
Non-residents	2,362.5	176.6	74.1	102.5	2,185.9	455.0	258.2	9.4	1,463.3

Distribution of holdings by security type (%)	Cdn debt securities	Canadian short-term paper			Canadian bonds				
		All Cdn ST paper	Gov't of Canada	Other sectors	All Cdn bonds	Gov't of Canada	Provincial gov'ts	Local gov'ts	Other sectors*
Total all sectors	100%	100%	100%	100%	100%	100%	100%	100%	100%
Domestically held (incl. monetary authority)	60%	75%	74%	76%	58%	61%	76%	86%	50%
Households & non-profit institutions	2%	1%	1%	2%	2%	2%	2%	19%	2%
Corporations	50%	60%	63%	57%	49%	53%	63%	58%	42%
Non-financial corporations	2%	10%	9%	11%	1%	1%	0%	0%	1%
Financial corporations	48%	49%	54%	46%	48%	52%	63%	58%	41%
Bank of Canada	4%	0%	0%	0%	4%	18%	1%	0%	0%
Chartered banks & quasi-banks	10%	11%	15%	9%	10%	9%	16%	10%	9%
Insurance & pension funds	16%	10%	12%	9%	17%	16%	34%	39%	11%
Life insurance business	4%	2%	4%	1%	4%	1%	6%	27%	4%
Segregated funds of lifecos	1%	1%	0%	1%	1%	1%	1%	0%	0%
Trusteed pension plans	10%	5%	5%	5%	11%	11%	24%	13%	6%
Property & casualty insurance	2%	2%	3%	2%	2%	2%	2%	0%	1%
Total other private financial institutions	12%	26%	24%	28%	10%	8%	11%	9%	11%
Mutual funds	10%	18%	18%	19%	9%	6%	9%	9%	10%
Other intermediaries, excl. ins/pension	1%	3%	2%	3%	1%	1%	1%	0%	1%
Financial auxiliaries	1%	1%	1%	1%	0%	1%	1%	0%	0%
Captive fin'l institutions & money lenders	1%	4%	3%	4%	0%	0%	0%	0%	0%
Financial gov't business enterprises	5%	2%	3%	1%	6%	1%	0%	0%	10%
General governments	8%	14%	10%	17%	7%	6%	10%	9%	6%
Federal general government	1%	0%	0%	0%	1%	1%	0%	0%	1%
Other levels of general government	5%	12%	10%	14%	4%	3%	6%	8%	3%
Provincial & territorial governments	4%	11%	10%	11%	3%	2%	5%	0%	2%
Local governments	1%	2%	0%	3%	1%	1%	1%	7%	1%
Social security funds	2%	2%	0%	3%	2%	2%	4%	1%	2%
Non-residents	40%	25%	26%	24%	42%	39%	24%	14%	50%

Source: NBC, StatCan | Note: Canadian debt securities include issues denominated in CAD as well as securities denominated in foreign currencies; other Canadian bond sectors includes corporates, CMB, GBES, other public sector entities, etc.



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