Market View

Economics and Strategy

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No summit needed to spur foreign *portfolio* investment

By Taylor Schleich & Warren Lovely

This week's inaugural Canada Investment Summit saw some of the world's biggest capital managers descend on Toronto, where they were presented with an expansive pitchbook of investment opportunities. Given Canada's underwhelming record on FDI, any new capital investment is welcome. Fortunately, foreign *portfolio* investors have needed little convincing to invest in Canada. Indeed, non-residents have been enthusiastic buyers of Canadian securities this year, a trend that continued in July per recent international securities transactions data.

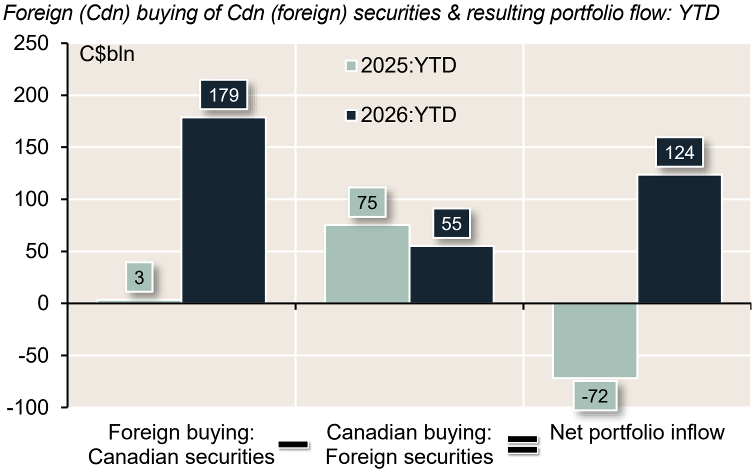
Through July, non-residents accumulated a YTD record $179 billion in Canadian portfolio securities. That's in contrast to the same period last year, when foreigners stopped buying due, in part, to acute trade uncertainty. Meanwhile, as is often the case, Canadians have been net buyers of foreign portfolio securities in 2026, albeit at a slower pace than in 2025. The result has been a massive swing in net portfolio capital flows: After $72 billion flowed *out of* Canada in the first seven months of 2025, $124 billion has flowed *in* this year—a nearly $200 billion turnaround.

To be clear, foreigners aren't buying *all* Canadian securities. They've shed money market paper in 2026 and have also lightened up on equities. But when it comes to bonds, it's been an uninterrupted buying spree. The $210 billion accumulated through July is more than any *full-year* tally on record. Within bonds, there's been more buying across all sectors and buying is up across all major buyer geographies too.

One caveat in analyzing these data: Canadian bonds don't necessarily mean *Canadian dollar* bonds. But in 2026, non-residents *have* materially increased their C$ holdings, in addition to adding foreign-denominated bonds. That's clear in the GoC market, where foreigners have purchased over $100 billion—nearly twice the increase in federal bond stock. As a result, the foreign-held share of the GoC bond market has risen above 46%, a new record high. While more reliance on non-residents is not without risk, it does represent a vote of confidence in the 'Canada story' as net bond supply absorption indirectly supports ambitious government investment plans. And after this week's investment summit, hopefully Canada's story is compelling enough to draw some direct investment too.

Chart 1: There's been a massive swing in portfolio flows…

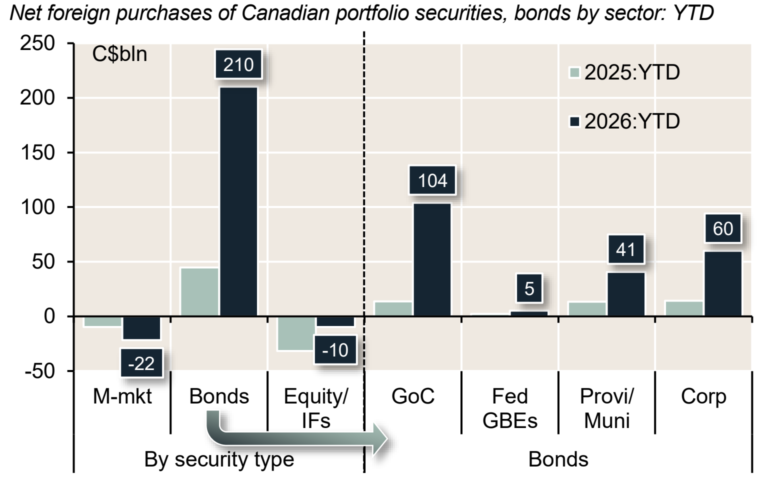
Foreign (Cdn) buying of Cdn (foreign) securities & resulting portfolio flow: YTD



Source: NBC, StatCan |

Chart 2: …due to foreign bond investors reengaging

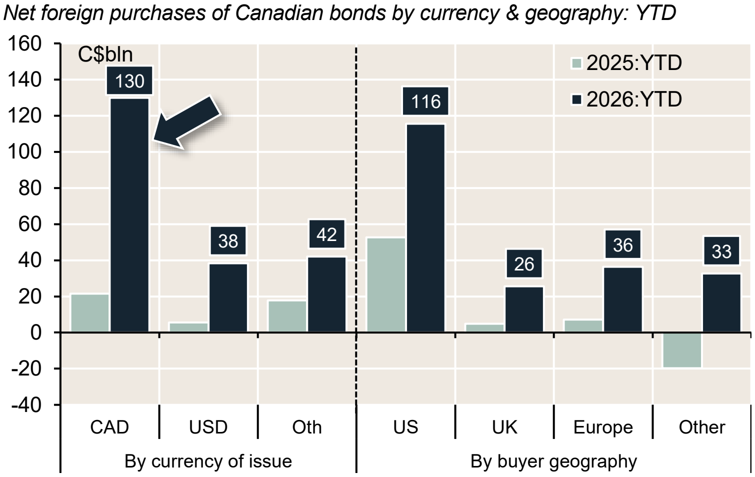
Net foreign purchases of Canadian portfolio securities, bonds by sector: YTD



Source: NBC, StatCan

Chart 3: It's not *all* C$ bonds… but it's *a lot* of C$ bonds

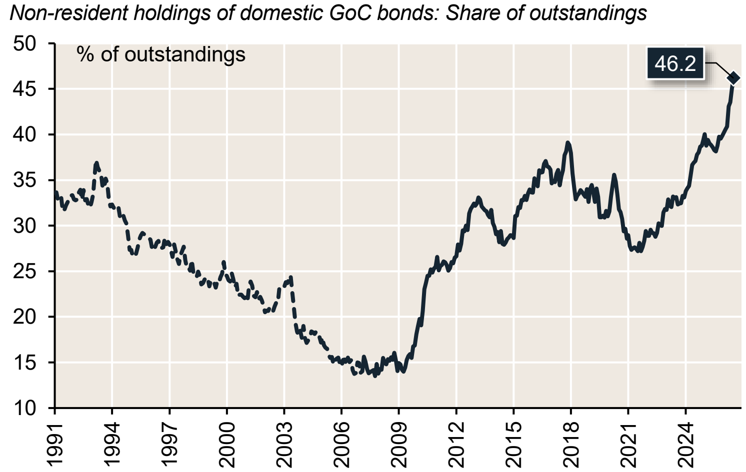
Net foreign purchases of Canadian bonds by currency & geography: YTD



Source: NBC, StatCan

Chart 4: Another new record for foreign GoC ownership

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



Source: NBC, StatCan | Note: Based on monthly book value; ownership % inferred pre-2007

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