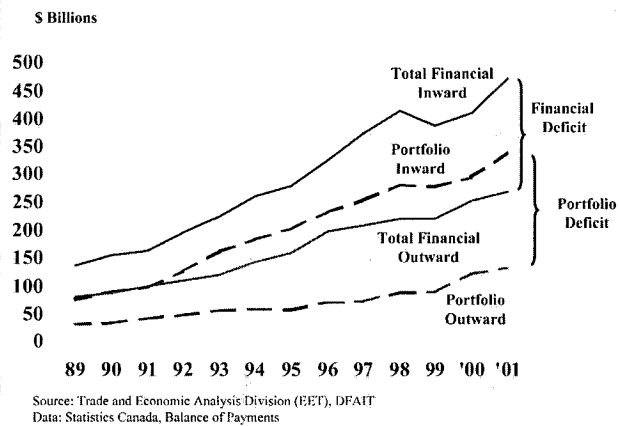
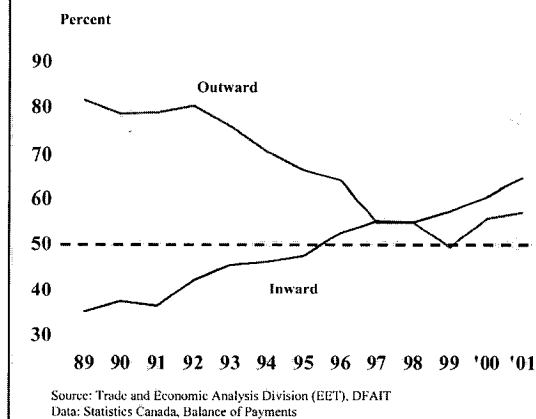
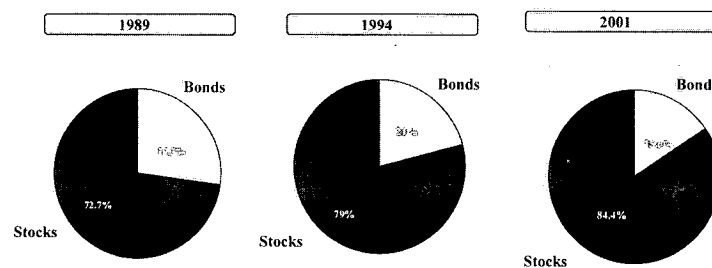


Figure 2.5.3
Canada-U.S. Financial Investment Position


The U.S. share of foreign portfolio investment in Canada moved in the opposite direction to Canadian investment in the U.S.; the U.S.'s share of foreign portfolio investment in Canada went up considerably, from 35.0 percent in 1989 to 64.2 percent in 2001 (see Figure 2.5.4). Meanwhile the share of Canadian portfolio investment abroad going to the U.S. fell off considerably, dropping from 81.4 percent in 1989 to 56.5 percent in 2001.

Figure 2.5.4
U.S. Share of Portfolio Investment


The product mix of outward portfolio investment is practically the mirror image of inward investment with the U.S. U.S. holdings of Canadian portfolio investment was heavily skewed towards bonds, which account for more than two-thirds of U.S. portfolio investment in Canada while only 15.6 percent of Canadian holdings in the U.S. are in bonds. Stocks, however, accounted for an uneven share of the growth in both inward and outward portfolio investment with the U.S. since 1994, with the share of stocks rising from 79.0 percent to 84.4 percent for outward portfolio investment and 16.0 percent to 24.4 percent for inward portfolio investment.

Figure 2.5.5
Composition of Canadian Portfolio Investment in the U.S.


Source: Trade and Economic Analysis Division (EET), DFAIT
Data: Statistics Canada, Canada's International Investment Position