

Foreign investors also made significant additions to their holdings of Canadian stocks last year as the \$35.8 billion invested was a record investment in Canadian equities by foreign investors. There were a number of large deals throughout 2004 that attracted foreign investors and led to the record level of money raised on Canadian equity markets. The year also witnessed the largest takeover of a foreign company in history, where new treasury shares were issued by the Canadian company.

In the market for short-term instruments, foreign investors regularly sold their holdings of money market paper in 2004, culminating in an overall reduction of \$2.7 billion for the year. Every sector other than federal government enterprises experienced a decline.

Overall, it was the second consecutive year that foreign portfolio investment into Canada exceeded Canadian outward portfolio investment. However, whereas the difference between the inflows and the outflows was only \$6.0 billion in 2003, it exploded to \$37.0 billion last year.