

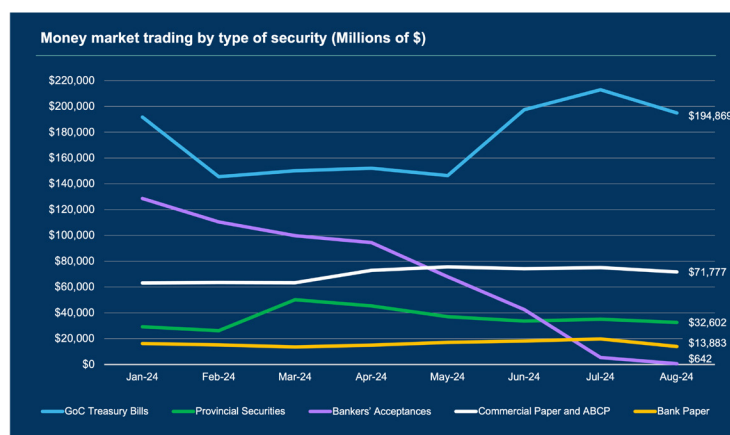
CanDeal Observations

Canadian Money Markets – A Market in Transition

17 October 2024

2024 has seen the cessation of the Canadian Dollar Offered Rate (CDOR) and issuance in Canadian Bankers' Acceptances. In this issue of CanDeal Observations, we provide a summary view of trading and yield spread differentials in Canadian money market instruments post-transition.

That's All, Folks!

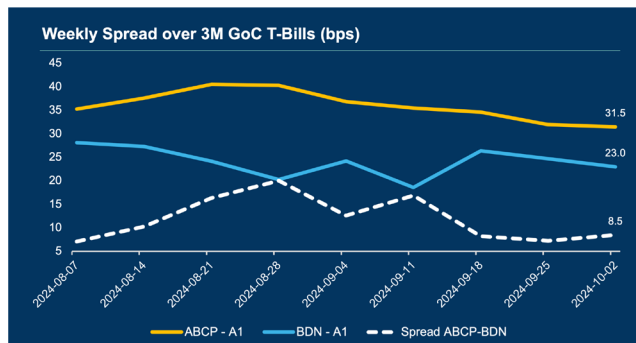
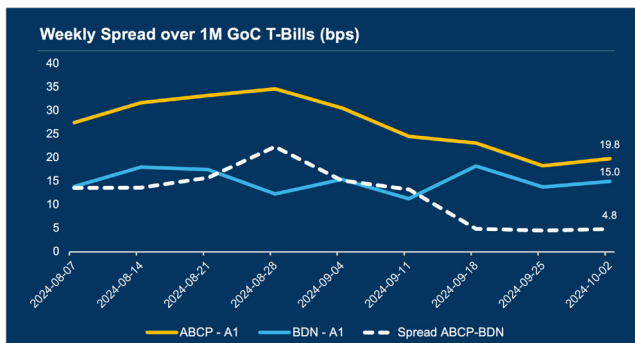


The chart above has been produced by CanDeal using data published by the [Canadian Investment Regulatory Organization \(CIRO · OCRI\)](#) and available [here](#).

Using statistics [published by CIRO](#), the chart above shows monthly secondary market trading for money market instruments by type. Secondary market trading in Bankers' Acceptances is also being used as a proxy for issuance and has been tracking the decline to zero issuance effective June 28, 2024.

As expected, BA trading has slowed down to a trickle with under a billion dollars traded in the month of August while Provincial Securities, Bank Paper, Commercial Paper and ABCP remained mostly steady. Government of Canada Treasury Bills have seen average traded amounts of over 200 billion dollars over the last 3 months.

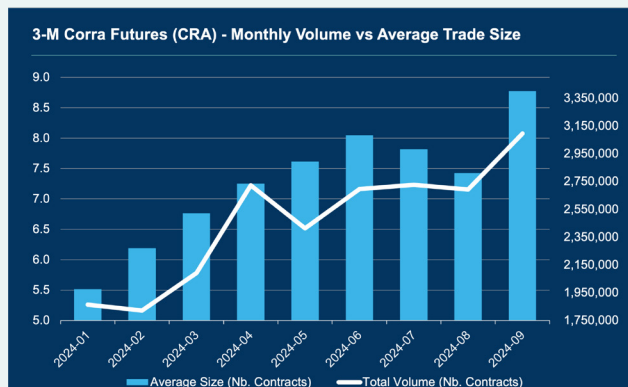
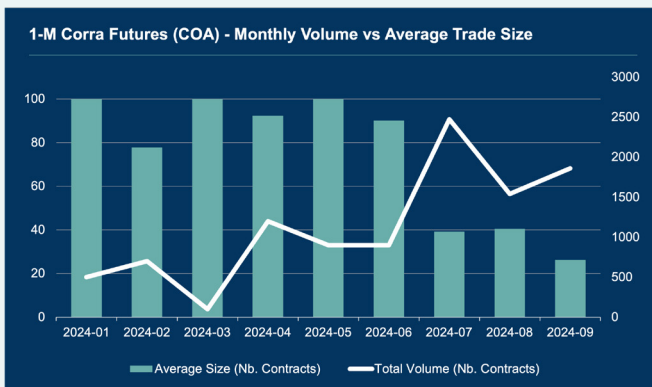
Yield Spreads



When comparing weekly spreads vs GoC T-Bills of A1 rated ABCP's and Bank Deposit Notes (BDN's), we can clearly see the 1-Month and 3-Month ABCP-BDN spreads getting much tighter over the last 3 weeks illustrating ABCP's increasing popularity as a Banker's Acceptance alternative.

Montréal Exchange CORRA Futures Volume Evolution

Since the beginning of 2024, we have been tracking volume statistics on the 1-month and 3-month CORRA futures contracts traded on the Montréal Exchange (MX).



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There has been a noticeable increase in volume in the 1-month contract over the last 3 months. The average trade size has significantly decreased (more than 4X from June to September), possibly indicating that new players are entering the market with smaller lot sizes, a development that could positively impact the liquidity of the contract.

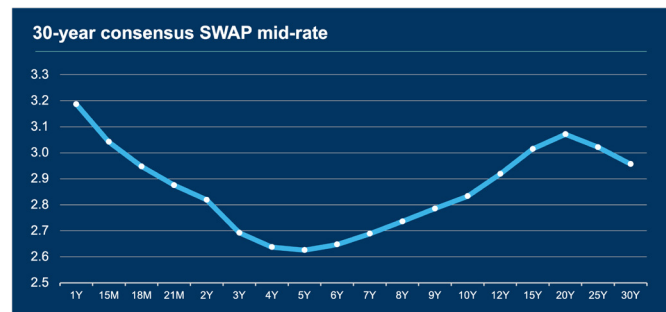
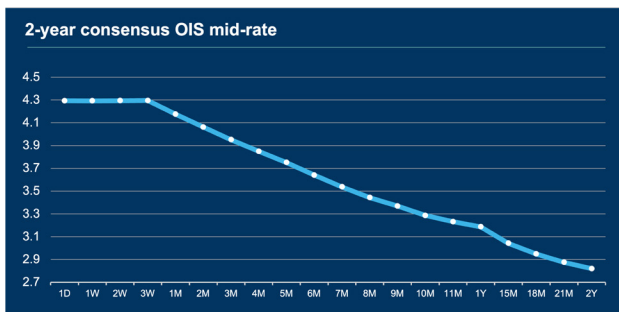
Meanwhile, the MX 3-month CORRA futures contract keeps seeing large increases in volume most months, with increases of more than 66% in 2024 and more than 3 million contracts traded in September. The average trade size has kept pace with a 59% increase since the beginning of the year.

"The Montréal Exchange is extremely pleased with the transition away from BAX to 3M CORRA futures. The liquidity and open interest reflect how participants are managing their short-term rate exposure during this easing cycle. The addition of new liquidity and robust markets in our 1-month CORRA futures has sparked interest in a more targeted approach to central bank policy decisions."

Robert Tasca, Managing Director, Derivatives Products and Services, Montréal Exchange

What's New?

CanDeal DNA Consensus OIS (CORRA) & Swap (CORRA) Rates



At the request of industry participants, CanDeal DNA is publishing new consensus OIS and swap rate curves using quotations provided by Canadian banks and dealers. On BOC rate decision days, the OIS curve will likely reflect changes as the announcement happens at 10:00AM and is particularly valuable in the short-term commercial lending space for instruments that reference CORRA. CanDeal DNA Consensus OIS (CORRA) and Swap (CORRA) Rates are available at no charge until December 31, 2024.

Contact DNASales@canddeal.com to learn more.

CanDeal DNA Wins Industry Awards

CanDeal DNA has been named as the **Best Evaluated Pricing Service Provider** in the Inside Market Data/Inside Reference Data awards. This follows CanDeal DNA's recognition as the **Best Buy-Side Evaluated Pricing Service** in the 2023 Buy-Side Technology Awards.



Inside Market Data & Inside Reference Data
Awards Winner 2024

Best evaluated pricing service provider/vendor
CanDeal Data & Analytics

Analyze the Market, Evaluate Your Options

CanDeal Data & Analytics (DNA) provides intraday pricing and security master details for over 95,000 Canadian Fixed Income instruments and is committed to including new instruments as they become available to the marketplace.

Contact us at DNASales@canddeal.com for sample data or to inquire about subscribing to our money market, bond, asset-backed, mortgage-backed or Yankee universes. Visit the [CanDeal](https://www.canddeal.com) website for additional details.