

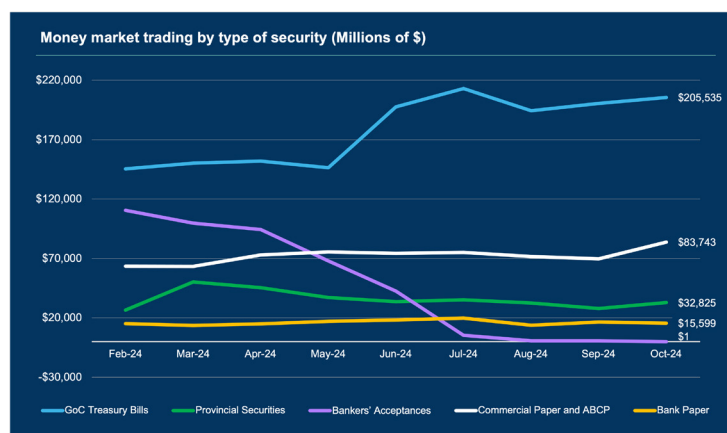
CanDeal Observations

Canadian Financial Markets – Money Market Transition

18 December 2024

2024 saw the cessation of the Canadian Dollar Offered Rate (CDOR) and issuance in Canadian Bankers' Acceptances. In this issue of CanDeal Observations, we continue to provide a summary view of trading and yield spread differentials in Canadian money market instruments post-transition. In future issues, we expect to broaden our analysis into other areas of the Canadian fixed income market using CanDeal DNA pricing, analytics and other data to illuminate trends and other unique market insights.

In a World without BAs...

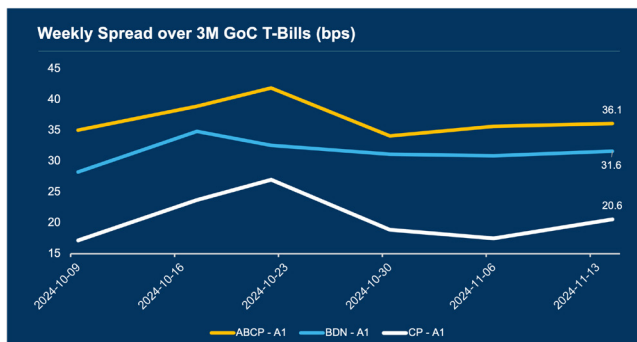
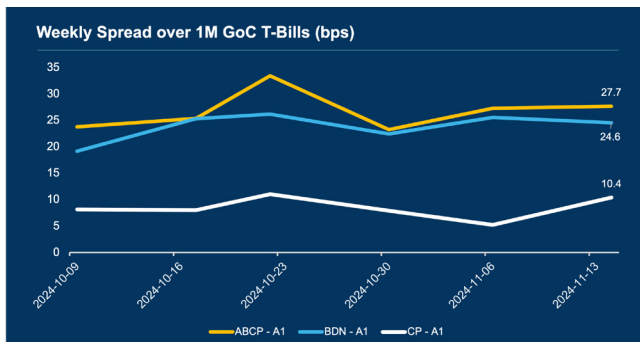


The chart above has been produced by CanDeal using data published by the [Canadian Investment Regulatory Organization](#) (CIRO · OCRI) and available [here](#).

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 (BAs) is also being used as a proxy for issuance and has been tracking the decline to zero issuance effective June 28, 2024.

During the month of October, BA trading has essentially ground to a halt with under one million dollars traded, while Commercial Paper and ABCP saw a 20% M/M increase in volume traded at almost 84 billion dollars. Government of Canada Treasury Bill volumes remain high as we have now seen average traded amounts of over 200 billion dollars for the last 5 months.

Yield Spreads

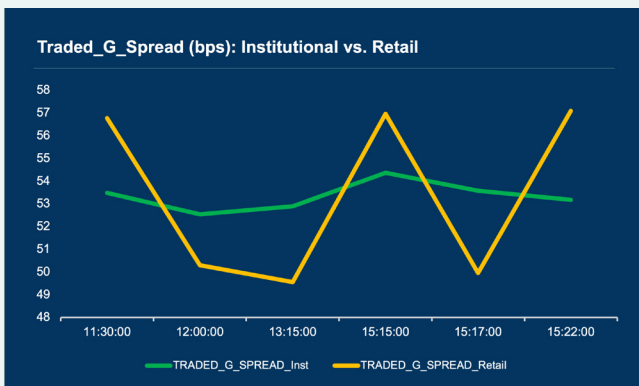


When comparing weekly spreads vs. GoC T-Bills of A1 rated ABCPs, Bank Deposit Notes (BDNs) and Commercial Paper (CP), we see ABCP and BDN spreads closely tracking each other in the 1-Month maturities, while we see a clearer separation in the spreads for the 3-Month maturities (ABCP > BDN > CP).

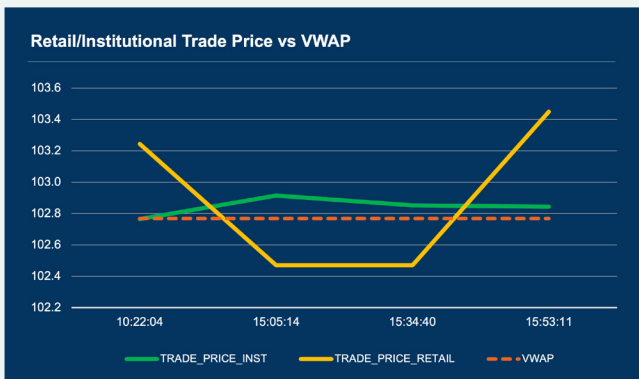
CanDeal DNA TradeMarks – Industry Approved, Accurate, Timely

Using Trade Data to Separate Signals from Noise

Sourced from CanDeal DNA partner banks and dealers, CanDeal TradeMarks is the industry-approved, validated trade record for Canadian fixed income securities. This unique data set provides multiple, high-value insights into market activity and traded values at T+0.



This graph shows the G-Spreads for all the daily transactions on a credit bond, illustrating a key feature of TradeMarks, namely the ability to filter out the noisy retail data to find the appropriate institutional trade signals.



Using the same logic, each bond's Volume Weighted Average Price (VWAP) is calculated using only institutional trades with their actual associated (uncapped) size. As illustrated in this graph, the VWAP typically reflects the institutional traded prices and sizes.

Reflecting trade submissions required for regulatory market surveillance and filtered for adversarial counterparties only including affiliates, CanDeal TradeMarks enables a high-resolution view into traded activity in the Canadian fixed income market. Published T+0 at 11PM (EST) daily in .CSV format, CanDeal TradeMarks provides the advantage achieved from timely access to market activity and ease of integration for analysis.

The data set is a comprehensive ledger for trades across the \$CAD fixed income universe and contains:

- Trade Date
- Trade Time
- Trade Price
- Trade Size (subject to industry standard volume caps when >\$2MM)
- Traded G-Spread
- Accrued Interest
- VWAP
- CanDeal DNA TradeClass (our proprietary liquidity metric)
- Retail vs. Institutional Trade Identifier
- Trade Purpose
- Primary vs. Secondary Identifier
- Market Sector Code
- Industry Group Code

To our CanDeal Observations readers, thank you for your support and feedback. We work hard to provide meaningful insights for you. If you have any comments or suggestions for content in future issues, please contact us at DNASales@candeal.com.

*From all of us at CanDeal,
we wish you health, happiness and
prosperity in the coming year!*



CANDEAL
DNA

www.candeal.com

Contact Us: DNASales@candeal.com

DNASupport@candeal.com | DNASupport.afterhours@candeal.com

© CanDeal Group Inc. All rights reserved. 12.18.2024