

CanDeal Observations

Canadian Money Markets – A Market in Transition

27 March 2024

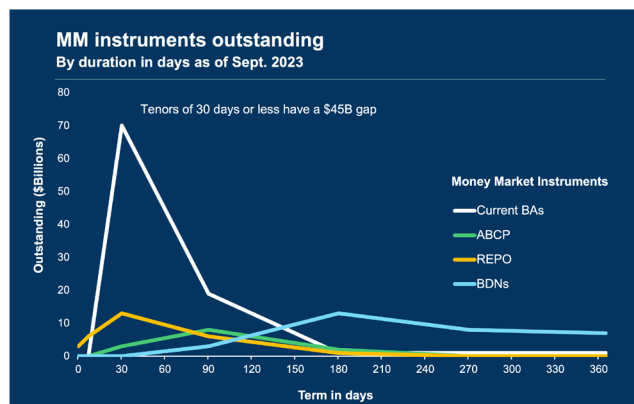
2024 will see the cessation of the Canadian Dollar Offered Rate (CDOR) and Canadian Bankers' Acceptances. As the market transitions during these changes, CanDeal will be providing on a monthly basis some key insights into trends and results. The below update on outstanding Bankers' Acceptances includes the January 2024 data for all domestic banks, recently published by the Government of Canada's Office of the Superintendent of Financial Institutions (OSFI).

Bankers' Acceptance Issuance Declining to \$Zero Effective July 2024

Statistics are starting to show the results of Canadian money market investors' activities as they work toward June 2024, when Canadian Bankers' Acceptances will have matured out of existence. The cessation of BA issuance is aligned with Canada's transition to using CORRA and Term CORRA instead of CDOR, as recommended by CFIF and CARR. [CanDeal Benchmark Solutions](#) has been designated the benchmark administrator for Term CORRA, with [CanDeal Data & Analytics \(DNA\)](#) acting as the calculation agent. Data licensing and access to Term CORRA data can be obtained from [TMX DataLinx](#).

Mind the Gap

\$45 Billion Gap in 30-Day and 90-Day Maturities



[Source: Canadian Fixed Income Forum (CFIF), Update from the BA Transition Virtual Network]

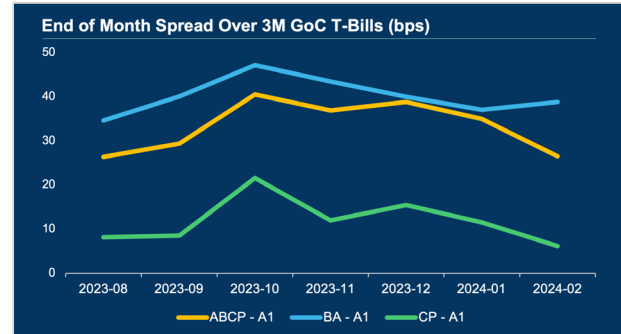
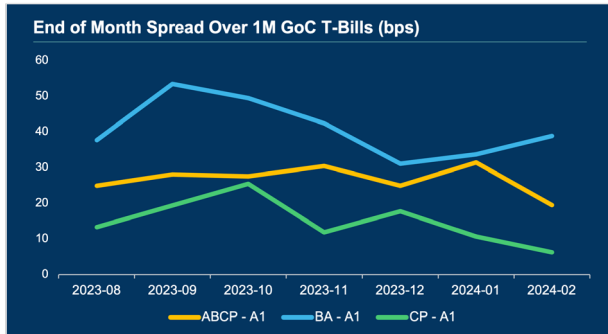
Bank of Canada has identified there is currently a gap in money market instruments available for investment in 30-day and 90-day maturities.

In January 2024 the value of BAs outstanding was \$71B, down from \$78.1B in December 2023 and down from \$96.6B in January 2023. This is a change of -9.1% month over month and -26.5% year-over-year. BAs outstanding are expected to decline to \$35 Billion by end of April 2024, \$10/\$20 Billion June 2024 and finally to \$0 in July 2024.

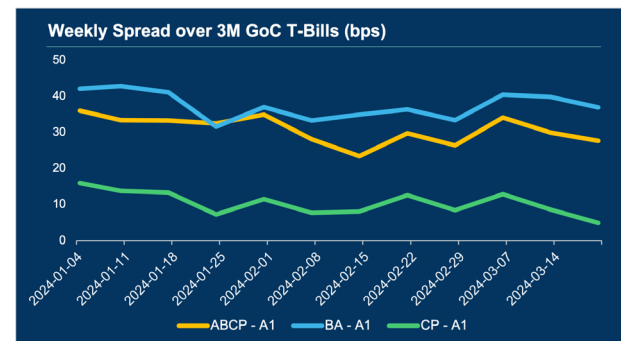
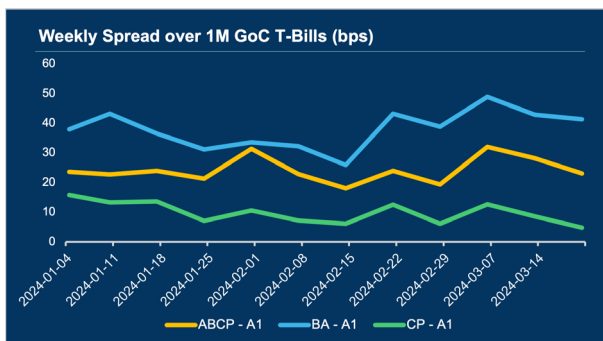
[Source: OSFI, Consolidated Monthly Balance Sheet, as at January 31, 2024]

Yield Spreads

When looking at the last 6 months, the End of Month Spread Differentials between 1MO and 3MO GoC TBILLS and Bankers' Acceptances (BAs), Commercial Paper (CP) and Asset Backed Commercial Paper (ABCP) show tightening spreads towards the end of 2023.



More recently, in the first weeks of 2024, the Weekly Spread Differentials illustrate a recent trend reversal with widening spreads, especially for BAs.



Money Market Evolution – Stay Tuned

All eyes will be on the Federal Budget announcement on April 16, 2024, for potential news about the creation of a new one-month T-Bill.

[Watch this space](#) for updated statistics and information on new Canadian Money Market instruments and initiatives.

Analyze the Market, Evaluate Your Options

[CanDeal Data & Analytics](#) provides intraday pricing and security master details for over 40,000 money market 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 website](#) for additional details.