

CanDeal Observations

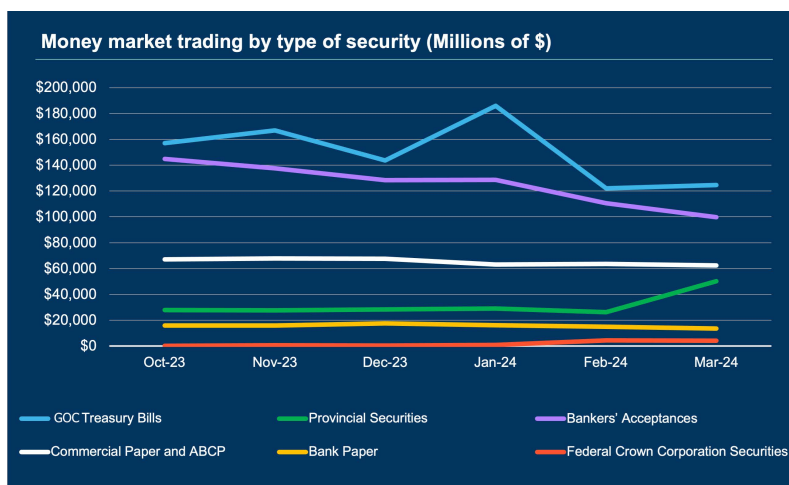
Canadian Money Markets – A Market in Transition

26 April 2024

2024 will see the cessation of the Canadian Dollar Offered Rate (CDOR) and Canadian Bankers' Acceptances. In our second issue of CanDeal Observations, we continue to provide valuable statistics and updates on the Canadian money markets.

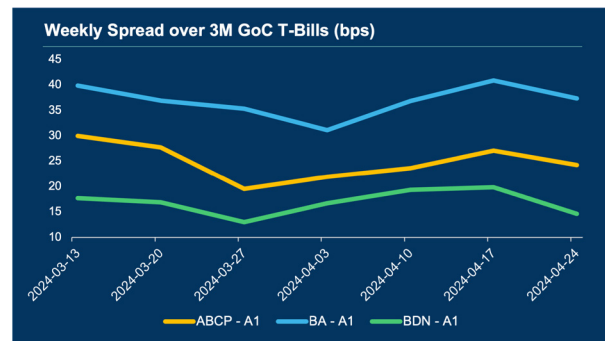
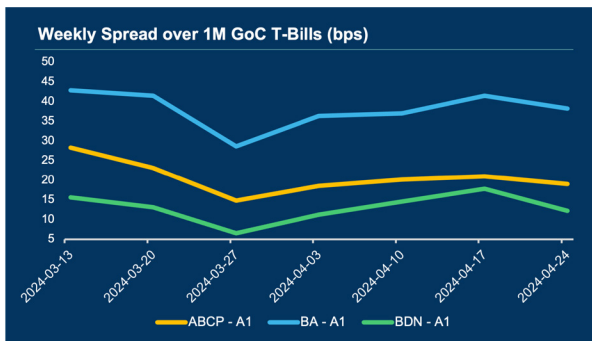
63 Days to Zero Issuance in Bankers' Acceptance

Using statistics [published by CIRO](#), the chart below 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 tracks the decline to zero effective June 28, 2024. Looking at the graph below, we can see that Provincial Securities seem to be picking up most of the slack left by the Bankers' Acceptances decline so far, with an almost 100% M/M increase in total amount traded in March.



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

Yield Spreads



After tightening over the second half of March, Bankers' Acceptances (BA) spreads have once again started widening vs. BDNs and ABCPs in the first three weeks of April.

Money Market Evolution – NEW One-month GOC Treasury Bill

On April 17, 2024 the Bank of Canada **announced** that the Government of Canada will add a one-month treasury bill to the auction schedule starting on May 7, 2024. The new maturity is intended to support an orderly transition by the market away from Bankers' Acceptances. The new one-month treasury bill does not represent additional borrowing for the Government of Canada but temporarily allocates existing borrowing from the three-, six- and twelve- month treasury bills to the new one-month treasury bill for a period of up to one year. The one-month treasury bill became When-Issued (WI) on April 23rd.

Andrew Munn, Head of CanDeal Benchmark Solutions, commented on the announcement of the new one-month treasury bill, "These new securities will generate activity in the 1-month area that touches repo, ABCP and CORRA futures. These transactions will further support Term CORRA and Canadian benchmarks."

Countdown to July 2024 – What's Next?

Investors in Canadian money market instruments should be actively exploring existing and new instruments to fill the potential gap in their short-term holdings and enhance yield. Investors must ensure that any regulatory or fiduciary approvals required to invest in additional or new instruments are underway.

Analyze the Market, Evaluate Your Options

CanDeal Data & Analytics (DNA) 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. [Click here](#) for additional details.