

CanDeal Observations

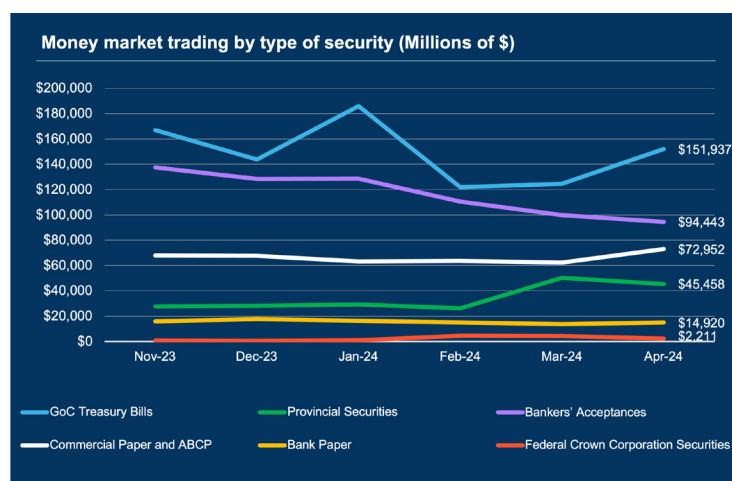
Canadian Money Markets — A Market in Transition

22 May 2024

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

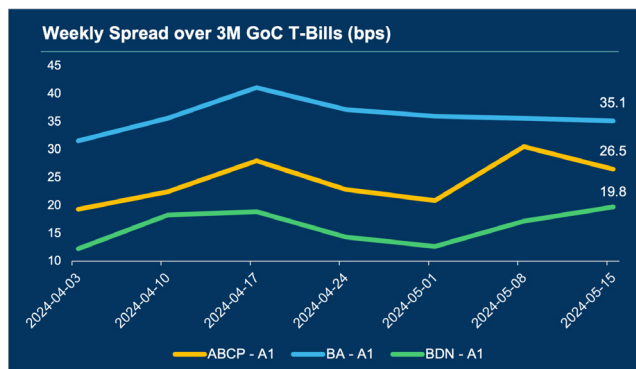
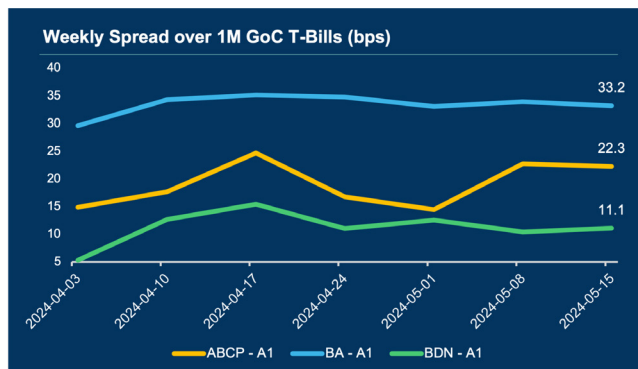
37 Days to Zero Issuance in Bankers' Acceptance

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. In the month of April, we have seen Bankers' Acceptances trading decline by only 5% M/M while Commercial Paper and ABCP increased 17% M/M in total amount traded.



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

Yield Spreads



Over the last month, Banker Acceptances' (BA) spreads seem to have stabilized while ABCP and BDN spreads have experienced significantly more volatility as the market is getting ready for a world without CDOR.

Money Market Evolution

Canadian Derivatives Clearing Corporation (CDCC) SGC Notes Program

CDCC recently announced the launch of its Secured General Collateral Notes (SGC Notes) program, which provides an opportunity for Canadian money market institutional investors to roll their banker's acceptance (BAs) exposure into SGC Notes. These short-term cash money market discount instruments are linked to the same highly rated Canadian bank credit exposure as are BAs, but in contrast are secured with a basket of high-quality debt securities.

SGC Notes present an appealing investment opportunity with the potential for higher yield in comparison to other alternatives such as T-bills. SGC Notes are secured by high-quality debt securities including government and provincial bonds, investment grade corporate credit debt, municipal debt and selected pools of NHA mortgage-backed securities.

SGC Notes will have a targeted short-term rating of P-1 (Moody's) for each subscriber bank/dealer (series). Rating is fully dependent on the counterparty credit rating of the subscribing bank and not the SGC Security Basket constituents.

SGC Notes will be distributed at discount on the primary market by the underwriters (SGC Clearing Member), which are Clearing Members at CDCC under the Fixed Income Transaction service and participants under the Canadian Collateral Management Service (CCMS). The SGC Notes Program uses pricing and other data provided by CanDeal DNA.

To learn more about the product specifications, please visit [CDCC's website](#).



TMX Group and Clearstream processes first live Triparty Repo Trades

TMX Group Limited (TMX Group), which operates Toronto Stock Exchange and key Canadian post-trade infrastructure including the Canadian Depository for Securities (CDS), and Clearstream Banking S.A. (Clearstream), the international central securities depository of Deutsche Börse Group, launched the new Canadian Collateral Management Service (CCMS). Inaugural trades successfully conducted on April 30, 2024 were supported by CanDeal DNA pricing.

"Tri-party repos provide a viable investment alternative for market participants seeking liquidity and to manage risk exposure. CCMS will help market participants solve legacy technical challenges and operational limitations by automating the end-to-end lifecycle of a repo trade, optimizing collateral within the market and truly democratizing the repo market."

Steve Everett, Head of Post Trade Innovation, TMX Group

Countdown to July 2024 – What's Next?

CanDeal DNA Consensus OIS (CORRA) SWAP

At the request of industry participants, CanDeal DNA will distribute new short-term consensus swap rates generated using quotations provided by Canadian banks and dealers. Covering short-dated tenors from overnight to one year, these new rates will provide a trusted, independent service for market participants to price variable rate debt and money market instruments.

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@candeal.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://candeal.com) website for additional details.

CanDeal DNA Wins Industry Awards

CanDeal DNA has been named as the **Best Evaluated Pricing Service Provider** in the 2024 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 &
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