

THE CANADIAN FOREIGN EXCHANGE COMMITTEE LE COMITÉ CANADIEN DU MARCHÉ DES CHANGES

150 King Street West
Suite 2000
Toronto, Ontario
M5H 1J9

Contact: Rob Ogrodnick
Telephone: (416) 542-1339
Email: rogridnick@bankofcanada.ca

CFEC Releases Results of October 2009 Foreign Exchange Volume Survey

January 25, 2010 - The Canadian Foreign Exchange Committee (CFEC) released today the results of its October 2009 semi-annual survey of foreign exchange volumes in Canada. The purpose of the survey is to provide information on the size and structure of the foreign exchange and foreign exchange derivatives market in Canada. Volumes are broken down by product, currency, counterparty, maturity and execution method. The eight banks with the largest foreign exchange activity in Canada participate.

The survey is similar in nature to the Bank for International Settlements' (BIS) Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity. However, the two surveys may not be directly comparable because of some differences in reporting methodology. Most importantly, in the CFEC survey the basis for reporting is the location of the trading desk in Canada, i.e., it includes all transactions that are priced and executed by traders in Canada. In contrast, in the global BIS survey the basis for reporting is the location of the sales desk of any trade.¹

The summary highlights of the October 2009 survey include the following:

- The monthly turnover in October of traditional foreign exchange products (defined as spot transactions, outright forwards and foreign exchange swaps) totaled US\$ 1.26 trillion. On an average daily basis, total turnover increased by 6.2% from US\$ 56.4 billion in April 2009 to US\$ 59.9 billion in October.
- On an average daily basis in October, spot and foreign exchange swap volumes increased by 15% and 5% respectively compared with the month of April 2009. In contrast, outright forward turnover declined by 5% from April to October.
- Compared with the survey one year ago, on an annual basis the average daily turnover of traditional foreign exchange products fell by 9.8%. Although volumes were higher than in April, October was the second lowest semi-annual survey volume over the last five surveys, with volumes having peaked in October 2008.
- The average daily turnover of foreign exchange derivatives (currency swaps and options) totaled US\$ 2.2 billion, largely unchanged on an average daily basis from the survey six months ago. However, looking at individual products on an average daily basis, currency swaps fell by 19% from April whereas options rose by almost 11%.

The detailed results of the survey are presented in the summary tables attached.

¹ Where no sales desk is involved in a transaction, for example in an interbank deal, volumes are based on the trading desk.

The CFEC is an industry group composed of senior representatives from financial institutions actively involved in the foreign exchange market in Canada and the U.S. dollar/Canadian dollar market globally. Formed in 1989, its objective is to provide a forum for the regular discussion of issues and developments pertinent to the foreign exchange market. This includes the review of market practices and procedures, and the promotion of professionalism and integrity in the industry. The Bank of Canada chairs the CFEC and provides secretariat services to the Committee.

The Bank of Canada also co-ordinates the CFEC survey on behalf of the market participants. The eight banks that participate in the survey are:

- Bank of Nova Scotia
- BMO Capital Markets
- CIBC World Markets
- HSBC Bank Canada
- National Bank of Canada
- RBC Capital Markets
- State Street (Canada)
- TD Securities

Globally, a number of other foreign exchange committees conduct similar surveys and they are also releasing their results today on their websites. These include the (London) Foreign Exchange Joint Standing Committee, the (New York) Foreign Exchange Committee, the Singapore Foreign Exchange Market Committee and the Australian Foreign Exchange Committee. Links to the websites of the other foreign exchange committees can be found on the CFEC website (www.cfec.ca). Alternatively, the direct links to their survey results are provided below:

<http://www.bankofengland.co.uk/markets/forex/fxjsc/index.htm>

<http://www.newyorkfed.org/fxc/volumesurvey/>

<http://www.sfemc.org/statistics.asp>

http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2009/Oct_2009/index.html

The Canadian Foreign Exchange Committee
Semi-annual Foreign Exchange Volume Survey
October, 2009

Summary Tables



January 25, 2010

Table of Contents

Summary turnover data for October, 2009

Table 1	Traditional foreign exchange turnover in Canada - Summary of surveys
Table 2	Over-the-counter (OTC) derivatives market turnover in Canada - Summary of surveys
Table 3	Total reported foreign exchange turnover in Canada
Table 4	Reported traditional foreign exchange turnover in Canada by instrument and by counterparty - Summary of surveys
Table 5	Currency distribution of traditional foreign exchange market turnover in Canada - Summary of surveys
Table 6	Reported foreign exchange market turnover in Canada by maturity
Table 7	Execution methods

Table 1: Traditional foreign exchange turnover in Canada
Summary of surveys
Billions of U.S. dollars

	Traditional foreign exchange turnover				Number of business days	Average total daily turnover	Per cent change
	Spot	Outright forwards	FX swaps	Total			
Oct. 2005	223.8	60.9	685.5	970.2	20	48.5	
Apr. 2006	235.4	61.1	703.6	1000.1	19	52.6	8.5
Oct. 2006	238.9	63.3	732.0	1034.1	21	49.2	-6.4
Apr. 2007	236.5	73.8	756.0	1066.2	20	53.3	8.3
Oct. 2007	326.5	88.0	1023.9	1438.4	22	65.4	22.7
Apr. 2008	375.0	110.3	913.0	1398.3	22	63.6	-2.8
Oct. 2008	401.9	185.3	873.3	1460.4	22	66.4	4.4
Apr. 2009	270.0	115.5	798.6	1184.1	21	56.4	-15.1
Oct. 2009	309.9	109.5	838.6	1258.1	21	59.9	6.2

Table 2: Over-the-counter (OTC) derivatives market turnover in Canada
Summary of surveys
Billions of U.S. dollars

	Foreign exchange			Number of business days	Average total daily turnover	Per cent change
	Currency swaps	Options	Total			
Oct. 2005	24.6	55.2	79.8	20	4.0	
Apr. 2006	27.6	28.0	55.6	19	2.9	-27.5
Oct. 2006	18.5	25.5	44.0	21	2.1	-27.6
Apr. 2007	22.6	36.4	59.1	20	3.0	42.9
Oct. 2007	24.0	44.2	68.1	22	3.1	3.3
Apr. 2008	23.3	35.6	58.9	22	2.7	-12.9
Oct. 2008	21.1	39.0	60.1	22	2.7	0.0
Apr. 2009	21.8	25.3	47.1	21	2.2	-18.5
Oct. 2009	17.7	28.0	45.7	21	2.2	0.0

Table 3: Total reported foreign exchange turnover in Canada

Millions of U.S. dollars

Instrument and counterparty	Canadian dollar against U.S. dollar			U.S. dollar against currencies other than the Canadian dollar			Canadian dollar against currencies other than the U.S. dollar			All other currency pairs			All currencies		
	Apr-09	Oct-09	Per cent growth	Apr-09	Oct-09	Per cent growth	Apr-09	Oct-09	Per cent growth	Apr-09	Oct-09	Per cent growth	Apr-09	Oct-09	Per cent growth
Spot	139,903	155,316	11	104,609	123,459	18	11,456	13,565	18	14,021	17,559	25	269,988	309,897	15
Reporting dealers	19895	9021	-55	7,447	2,398	-68	58	66	13	337	141	-58	27,736	11,624	-58
Other dealers	83,758	98,739	18	87,110	111,732	28	5,651	7,607	35	13,114	16,414	25	189,633	234,492	24
Other financial	13,543	20,727	53	6,686	5,440	-19	3,677	3,664	0	314	695	121	24,220	30,526	26
Non-financial	22,707	26,829	18	3,366	3,889	16	2,070	2,228	8	256	309	21	28,399	33,255	17
Outright forwards	52,169	51,710	-1	43,325	40,517	-6	16,269	14,262	-12	3,766	3,026	-20	115,529	109,514	-5
Reporting dealers	5,543	404	-93	348	966	177	64	136	114	20	74	268	5,975	1,579	-74
Other dealers	7,821	7,659	-2	28,706	29,356	2	2,113	2,290	8	3,043	1,874	-38	41,683	41,179	-1
Other financial	21,049	27,680	32	8,898	7,870	-12	12,158	10,754	-12	617	853	38	42,722	47,157	10
Non-financial	17,756	15,967	-10	5,373	2,325	-57	1,934	1,082	-44	86	225	162	25,149	19,599	-22
FX swaps	524,182	566,123	8	249,427	254,570	2	21,876	15,938	-27	3,085	2,013	-35	798,568	838,644	5
Reporting dealers	117,291	92,856	-21	18,567	6,891	-63	392	7	-98	13	77	470	136,262	99,831	-27
Other dealers	325,289	393,829	21	202,946	228,444	13	4,882	3,564	-27	1,369	221	-84	534,486	626,058	17
Other financial	53,041	47,032	-11	21,307	14,283	-33	10,851	9,770	-10	466	1,044	124	85,665	72,129	-16
Non-financial	28,561	32,406	13	6,607	4,952	-25	5,751	2,597	-55	1,236	671	-46	42,155	40,626	-4
Total dealers	559,596	602,507	8	345,123	379,786	10	13,159	13,670	4	17,896	18,800	5	935,774	1,014,763	8
Reporting	142,728	102,280	-28	26,361	10,254	-61	513	209	-59	370	291	-21	169,972	113,034	-33
Other	416,868	500,227	20	318,762	369,532	16	12,646	13,461	6	17,526	18,509	6	765,802	901,729	18
Total customers	156,657	170,641	9	52,237	38,759	-26	36,441	30,095	-17	2,975	3,797	28	248,310	243,292	-2
Financial	87,633	95,439	9	36,891	27,593	-25	26,686	24,188	-9	1,397	2,592	86	152,607	149,812	-2
Non-financial	69,024	75,202	9	15,346	11,166	-27	9,755	5,907	-39	1,578	1,205	-24	95,703	93,480	-2
Total turnover	716,253	773,148	8	397,360	418,545	5	49,600	43,765	-12	20,871	22,597	8	1,184,084	1,258,055	6
<i>Currency swaps</i>	14,842	13,993	-6	6,139	3,121	-49	489	318	-35	747	378	-49	21,849	17,695	-19
<i>OTC options</i>	14,927	16,703	12	10,388	12,695	22	916	3,150	244	2,017	516	-74	25,293	27,970	11

Table 4: Reported traditional foreign exchange turnover in Canada by instrument and by counterparty
Summary of surveys
Billions of U.S. dollars (and percent shares)

	Instrument						Counterparty							
							Dealers				Customers			
	Spot		Outright forwards		Foreign exchange swaps		Reporting		Other		Financial		Non-financial	
Oct-05	224	(23.1)	61	(6.3)	685	(70.7)	96	(9.9)	658	(67.8)	118	(12.1)	99	(10.2)
Apr-06	235	(23.5)	61	(6.1)	704	(70.4)	102	(10.2)	705	(70.5)	115	(11.5)	77	(7.7)
Oct-06	239	(23.1)	63	(6.1)	732	(70.8)	100	(9.6)	710	(68.7)	138	(13.3)	87	(8.4)
Apr-07	236	(22.2)	74	(6.9)	756	(70.9)	94	(8.8)	698	(65.5)	166	(15.5)	109	(10.2)
Oct-07	326	(22.7)	88	(6.1)	1024	(71.2)	92	(6.4)	1024	(71.2)	181	(12.6)	141	(9.8)
Apr-08	375	(26.8)	110	(7.9)	913	(65.3)	154	(11.0)	940	(67.2)	192	(13.8)	112	(8.0)
Oct-08	402	(27.5)	185	(12.7)	873	(59.8)	155	(10.6)	889	(60.9)	266	(18.2)	151	(10.3)
Apr-09	270	(22.8)	116	(9.8)	799	(67.4)	170	(14.4)	766	(64.7)	153	(12.9)	96	(8.1)
Oct-09	310	(24.6)	110	(8.7)	839	(66.7)	113	(9.0)	902	(71.7)	150	(11.9)	93	(7.4)

**Table 5: Currency distribution of traditional
foreign exchange market turnover in Canada**
Summary of surveys
Percent shares

Currency	October 2005	April 2006	October 2006	April 2007	October 2007	April 2008	October 2008	April 2009	October 2009
U.S. dollar	96.1	95.6	95.7	94.8	95.4	95.4	93.7	94.0	96.0
Canadian dollar	59.5	59.9	63.9	63.4	72.0	71.2	67.0	64.7	65.8
Euro	14.0	11.9	11.6	12.2	9.8	10.8	11.8	15.9	13.9
U.K. pound	5.8	5.9	6.3	7.2	6.1	5.0	5.0	5.9	7.3
Japanese yen	7.8	6.8	5.3	5.8	4.3	4.3	5.4	4.3	3.8
Australian dollar	3.6	5.3	5.7	3.6	2.6	2.8	2.0	1.8	2.7
Swiss franc	5.8	2.8	1.7	2.9	1.5	1.6	1.1	1.3	1.0
Other currencies	7.4	11.9	9.9	10.1	8.4	9.0	14.0	12.0	9.5
All currencies[1]	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0

(1) Since every foreign exchange transaction involves two currencies, the reporting of all currencies necessarily sums to 200 per cent.

Table 6: Reported foreign exchange market turnover in Canada by maturity^a
Millions of U.S. dollars

Instrument	April-07		October-07		April-08		October-08		April-09		October-09	
	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share
Outright forwards												
Up to 1 month	39,657	50.7	44,800	49.7	45,817	40.6	80,421	42.0	60,763	50.0	51,985	46.8
1 month to 1 year	36,874	47.1	41,595	46.1	61,957	54.9	104,077	54.4	55,120	45.4	52,197	47
More than 1 year	1,684	2.2	3,785	4.2	4,991	4.4	6,852	3.6	5,618	4.6	6,920	6.2
Total	78,215	100.0	90,179	100.0	112,764	100.0	191,349	100.0	121,501	100.0	111,102	100.0
Foreign exchange swaps												
Up to 1 month	670,283	81.8	872,910	79.7	789,189	79.7	736,124	75.6	718,697	76.9	762,941	81.3
1 month to 1 year	143,605	17.5	214,868	19.6	192,035	19.4	229,050	23.5	206,097	22.0	161,589	17.2
More than 1 year	6,017	0.7	7,562	0.7	9,125	0.9	8,926	0.9	7,848	0.8	13,945	1.5
Total	819,906	100.0	1,095,341	100.0	990,350	100.0	974,100	100.0	932,642	99.8	938,475	100.0
OTC options												
Up to 1 month	20,336	46.4	29,176	54.3	18,561	41.3	13,524	28.5	15,603	48.3	16,806	42.5
1 month to 6 months	19,960	45.6	18,586	34.6	17,692	39.4	21,230	44.7	11,764	36.4	10,977	27.8
Over 6 months	3,507	8.0	6,011	11.2	8,664	19.3	12,741	26.8	4,936	15.3	11,720	29.7
Total	43,803	100.0	53,773	100.0	44,917	100.0	47,495	100.0	32,303	100.0	39,503	100.0

a. Not adjusted for local double counting.

Table 7: Execution methods

Percent shares

October 2009

Classification	Execution Methods Primarily for Dealers			Execution Methods Primarily for Customers			TOTAL
	Dealer Direct	Electronic Broking	Voice Broking	Customer Direct	Single-bank Proprietary Platforms	Multi-bank Dealing Systems	
By Currency Pair:							
Canadian Dollar against							
USD	40	24	18	14	2	2	100
Other	27	8	1	51	3	11	100
U.S. Dollar against							
EUR	21	52	13	11	1	2	100
JPY	20	54	12	10	2	1	100
GBP	15	71	4	7	2	2	100
Total Currency Pairs	35	32	15	14	1	2	100

By Instrument:							
Spot	19	44	14	19	3	2	100
Outright forwards	26	9	3	48	4	10	100
Foreign exchange swaps	41	31	17	9	0	2	100
Cross currency swaps	68	6	5	21	0	0	100
Options	48	35	1	10	5	0	100
Total Instruments	35	32	15	14	1	2	100

By Counterparty:							
With reporting dealers	60	30	10	0	0	0	100
With other dealers	38	41	20	0	1	0	100
With other financial institutions	0	1	2	76	5	16	100
With non-financial customers	0	0	0	90	6	4	100
Total Counterparties	35	32	15	14	1	2	100