

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

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## CFEC Releases Results of April 2009 Foreign Exchange Volume Survey - Revised<sup>1</sup>

**July 27, 2009** - The Canadian Foreign Exchange Committee (CFEC) released today the results of its April 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.<sup>2</sup>

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

- The monthly turnover in April of traditional foreign exchange products (defined as spot transactions, outright forwards and foreign exchange swaps) totaled US\$ 1.05 trillion. On an average daily basis, total turnover decreased by 25% from US\$ 66.4 billion in October 2008 to US\$ 49.8 billion in April.
- On an average daily basis in April, spot and outright forward volumes fell by 35% and 39% respectively compared with the month of October 2008. Foreign exchange swap turnover declined by 17% from October to April 2009.
- Compared with the survey one year ago, on an annual basis the average daily turnover of traditional foreign exchange products fell by 21.6%. This is the lowest survey volume since October 2006.
- The average daily turnover of foreign exchange derivatives (currency swaps and options) totaled US\$ 2.2 billion, down 18.5% on an average daily basis from the survey six months ago. However, looking at individual products on an average daily basis, currency swaps rose by 8% from October to April whereas options fell by 32%.

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<sup>1</sup> The April 2009 data have been revised since the original publication on July 27, 2009.

<sup>2</sup> Where no sales desk is involved in a transaction, for example in an interbank deal, volumes are based on the trading desk.

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

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 Tokyo Foreign Exchange Market 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](http://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.fxcomtky.com/index\\_e.html](http://www.fxcomtky.com/index_e.html)

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

[http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2009/Apr\\_2009/index.html](http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2009/Apr_2009/index.html)

**The Canadian Foreign Exchange Committee**  
**Semi-annual Foreign Exchange Volume Survey**  
April, 2009  
Revised

**Summary Tables**



July 27, 2009

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**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	248.4	107.2	690.6	1046.1	21	49.8	-25.0

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

	Foreign exchange derivatives			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

**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		
	Oct-08	Apr-09	Per cent growth	Oct-08	Apr-09	Per cent growth	Oct-08	Apr-09	Per cent growth	Oct-08	Apr-09	Per cent growth	Oct-08	Apr-09	Per cent growth
<b>Spot</b>	241,033	135,611	-44	124,611	92,363	-26	15,730	11,203	-29	20,498	9,197	-55	401,871	248,373	-38
Reporting dealers	40519	19786	-51	5,918	7,415	25	644	58	-91	693	336	-52	47,773	27,594	-42
Other dealers	123,514	79,591	-36	95,487	74,905	-22	4,071	5,406	33	18,771	8,306	-56	241,844	168,208	-30
Other financial	31,182	14,052	-55	17,227	6,666	-61	7,509	4,054	-46	527	314	-40	56,444	25,086	-56
Non-financial	45,818	22,182	-52	5,980	3,377	-44	3,506	1,685	-52	506	241	-52	55,810	27,485	-51
<b>Outright forwards</b>	85,299	51,724	-39	74,123	38,487	-48	20,513	14,986	-27	5,342	2,019	-62	185,277	107,215	-42
Reporting dealers	4,962	5,543	12	919	339	-63	58	64	9	133	18	-87	6,072	5,963	-2
Other dealers	12,386	7,768	-37	35,422	23,948	-32	1,210	2,053	70	3,595	1,299	-64	52,612	35,068	-33
Other financial	44,433	20,970	-53	18,117	8,873	-51	16,781	11,779	-30	1,414	616	-56	80,745	42,238	-48
Non-financial	23,519	17,443	-26	19,666	5,327	-73	2,463	1,090	-56	199	86	-57	45,847	23,946	-48
<b>FX swaps</b>	588,574	508,678	-14	255,022	158,376	-38	26,816	21,482	-20	2,879	2,026	-30	873,290	690,560	-21
Reporting dealers	84,744	116,181	37	14,290	18,556	30	1,766	392	-78	10	13	35	100,810	135,141	34
Other dealers	390,694	310,895	-20	195,357	111,904	-43	7,333	4,488	-39	1,262	310	-75	594,647	427,597	-28
Other financial	76,983	53,747	-30	36,424	21,308	-42	14,902	12,418	-17	213	478	124	128,522	87,951	-32
Non-financial	36,153	27,855	-23	8,951	6,608	-26	2,815	4,184	49	1,393	1,224	-12	49,312	39,871	-19
<b>Total dealers</b>	656,818	539,764	-18	347,391	237,066	-32	15,083	12,460	-17	24,465	10,282	-58	1,043,758	799,571	-23
Reporting	130,224	141,510	9	21,126	26,309	25	2,469	513	-79	836	366	-56	154,655	168,698	9
Other	526,594	398,254	-24	326,265	210,757	-35	12,615	11,947	-5	23,628	9,915	-58	889,103	630,873	-29
<b>Total customers</b>	258,087	156,249	-39	106,365	52,159	-51	47,975	35,210	-27	4,253	2,959	-30	416,680	246,577	-41
Financial	152,598	88,769	-42	71,768	36,847	-49	39,191	28,251	-28	2,155	1,408	-35	265,711	155,275	-42
Non-financial	105,490	67,480	-36	34,597	15,312	-56	8,784	6,959	-21	2,098	1,551	-26	150,969	91,302	-40
<b>Total turnover</b>	914,906	696,013	-24	453,756	289,225	-36	63,058	47,670	-24	28,718	13,241	-54	1,460,438	1,046,148	-28
<i>Currency swaps</i>	17,193	14,842	-14	3,204	6,139	92	807	489	-39	139	747	437	21,119	21,849	3
<i>OTC options</i>	27,953	14,927	-47	13,047	10,388	-20	872	916	5	587	2,017	244	38,984	25,293	-35

**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	248	(23.7)	107	(10.2)	691	(66.0)	169	(16.1)	631	(60.3)	155	(14.8)	91	(8.7)

**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
U.S. dollar	96.1	95.6	95.7	94.8	95.4	95.4	93.7	94.2
Canadian dollar	59.5	59.9	63.9	63.4	72.0	71.2	67.0	71.1
Euro	14.0	11.9	11.6	12.2	9.8	10.8	11.8	12.6
U.K. pound	5.8	5.9	6.3	7.2	6.1	5.0	5.0	4.8
Japanese yen	7.8	6.8	5.3	5.8	4.3	4.3	5.4	3.7
Australian dollar	3.6	5.3	5.7	3.6	2.6	2.8	2.0	1.8
Swiss franc	5.8	2.8	1.7	2.9	1.5	1.6	1.1	0.7
Other currencies	7.4	11.9	9.9	10.1	8.4	9.0	14.0	11.1
All currencies[1]	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<sup>a</sup>**  
 Millions of U.S. dollars

Instrument	April-06		October-06		April-07		October-07		April-08		October-08		April-09	
	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share
<b>Outright forwards</b>														
Up to 1 month	45,619	70.0	49,262	75.9	39,657	50.7	44,800	49.7	45,817	40.6	80,421	42.0	54,787	48.4
1 month to 1 year	16,243	24.9	13,428	20.7	36,874	47.1	41,595	46.1	61,957	54.9	104,077	54.4	52,315	46.2
More than 1 year	3,303	5.1	2,201	3.4	1,684	2.2	3,785	4.2	4,991	4.4	6,852	3.6	6,074	5.4
<b>Total</b>	<b>65,165</b>	<b>100.0</b>	<b>64,891</b>	<b>100.0</b>	<b>78,215</b>	<b>100.0</b>	<b>90,179</b>	<b>100.0</b>	<b>112,764</b>	<b>100.0</b>	<b>191,349</b>	<b>100.0</b>	<b>113,176</b>	<b>100.0</b>
<b>Foreign exchange swaps</b>														
Up to 1 month	662,480	86.0	686,896	85.9	670,283	81.8	872,910	79.7	789,189	79.7	736,124	75.6	638,648	77.3
1 month to 1 year	101,078	13.1	107,722	13.5	143,605	17.5	214,868	19.6	192,035	19.4	229,050	23.5	177,437	21.5
More than 1 year	7,062	0.9	4,687	0.6	6,017	0.7	7,562	0.7	9,125	0.9	8,926	0.9	7,427	0.9
<b>Total</b>	<b>770,620</b>	<b>100.0</b>	<b>799,304</b>	<b>100.0</b>	<b>819,906</b>	<b>100.0</b>	<b>1,095,341</b>	<b>100.0</b>	<b>990,350</b>	<b>100.0</b>	<b>974,100</b>	<b>100.0</b>	<b>823,512</b>	<b>99.7</b>
<b>OTC options</b>														
Up to 1 month	12,351	42.4	13,630	43.1	20,336	46.4	29,176	54.3	18,561	41.3	13,524	28.5	15,603	48.3
1 month to 6 months	12,597	43.2	15,128	47.9	19,960	45.6	18,586	34.6	17,692	39.4	21,230	44.7	11,764	36.4
Over 6 months	4,211	14.4	2,851	9.0	3,507	8.0	6,011	11.2	8,664	19.3	12,741	26.8	4,936	15.3
<b>Total</b>	<b>29,160</b>	<b>100.0</b>	<b>31,609</b>	<b>100.0</b>	<b>43,803</b>	<b>100.0</b>	<b>53,773</b>	<b>100.0</b>	<b>44,917</b>	<b>100.0</b>	<b>47,495</b>	<b>100.0</b>	<b>32,303</b>	<b>100.0</b>

a. Not adjusted for local double counting.

**Table 7: Execution methods**  
**Percent shares**  
**April 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	
<b>By Currency Pair:</b>							
<b>Canadian Dollar against</b>							
USD	49	20	14	15	1	2	100
Other	23	3	1	61	2	9	100
<b>U.S. Dollar against</b>							
EUR	35	32	16	13	1	3	100
JPY	21	37	11	27	1	2	100
GBP	35	40	8	13	1	2	100
<b>Total Currency Pairs</b>	<b>43</b>	<b>23</b>	<b>13</b>	<b>17</b>	<b>1</b>	<b>2</b>	<b>100</b>

<b>By Instrument:</b>							
Spot	24	40	14	18	3	1	100
Outright forwards	27	12	1	49	3	9	100
Foreign exchange swaps	52	18	15	13	0	2	100
Cross currency swaps	49	10	12	30	0	0	100
Options	33	47	3	14	3	0	100
<b>Total Instruments</b>	<b>43</b>	<b>23</b>	<b>13</b>	<b>17</b>	<b>1</b>	<b>2</b>	<b>100</b>

<b>By Counterparty:</b>							
With reporting dealers	65	26	9	0	0	0	100
With other dealers	48	30	21	0	1	0	100
With other financial institutions	0	0	0	83	3	15	100
With non-financial customers	0	0	0	91	5	4	100
<b>Total Counterparties</b>	<b>43</b>	<b>23</b>	<b>13</b>	<b>17</b>	<b>1</b>	<b>2</b>	<b>100</b>