

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

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## CFEC Releases Results of October 2012 Foreign Exchange Volume Survey

**29 January 2013** - The Canadian Foreign Exchange Committee (CFEC) released today the results of its October 2012 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 seven banks with the largest foreign exchange trading activity in Canada participate.<sup>1</sup>

The survey is similar to the Bank for International Settlements' (BIS) Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity with 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 October 2012 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 over US\$ 1.1 trillion. On an average daily basis, total turnover declined by 14.4% from US\$ 59.6 billion in April 2012 to US\$ 51.0 billion in October 2012.
- On an average daily basis (adjusting for 22 business days in October versus only 20 days in April), in October 2012 spot and foreign exchange swap volumes decreased by 23% and 14% respectively compared with the month of April. Outright forwards increased by 1% from six months earlier.
- Compared with the survey one year ago, the average daily turnover of traditional foreign exchange products declined by only 2.7% from US\$ 52.4 billion in October 2011 to US\$ 51.0 billion in October 2012.
- The average daily turnover of foreign exchange derivatives (currency swaps and options) totaled US\$ 3.3 billion, up 17.9% from six months earlier. On an average daily basis, currency swaps and options were higher by 29% and 6% respectively. However, total foreign exchange derivatives were unchanged from one year ago on an average daily basis.

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<sup>1</sup> Prior to the April 2012 survey, eight banks were participating. These prior volumes have not been adjusted to reflect the removal of one bank from the current survey.

<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, including the review of market practices and procedures. 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 seven 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
- 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/2012Oct\\_2012/index.html](http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2012Oct_2012/index.html)

**The Canadian Foreign Exchange Committee**  
**Semi-annual Foreign Exchange Volume Survey**  
**October, 2012**

**Summary Tables**



**January 29, 2013**

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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
Oct. 2009	269.9	99.6	724.1	1093.5	21	52.1	4.6
Apr. 2010	358.3	119.5	719.9	1197.7	21	57.0	9.4
Oct. 2010	326.6	147.6	681.1	1155.3	20	57.8	1.4
Apr. 2011	347.1	174.7	702.3	1224.1	20	61.2	5.9
Oct. 2011	319.1	155.5	572.6	1047.2	20	52.4	-14.4
Apr. 2012	315.8	143.1	732.2	1191.1	20	59.6	13.7
Oct. 2012	267.0	158.7	695.3	1121.0	22	51.0	-14.4

**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
Oct. 2009	17.6	28.0	45.6	21	2.2	0.0
Apr. 2010	24.3	41.7	66.0	21	3.1	40.9
Oct. 2010	23.9	43.2	67.1	20	3.4	9.7
Apr. 2011	33.0	44.1	77.1	20	3.9	14.7
Oct. 2011	27.4	38.3	65.7	20	3.3	-15.4
Apr. 2012	25.1	31.5	56.6	20	2.8	-15.2
Oct. 2012	35.7	36.7	72.4	22	3.3	17.9

**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-12	Oct-12	Per cent growth	Apr-12	Oct-12	Per cent growth	Apr-12	Oct-12	Per cent growth	Apr-12	Oct-12	Per cent growth	Apr-12	Oct-12	Per cent growth
<b>Spot</b>	176,097	147,709	-16	109,150	102,452	-6	18,242	9,792	-46	12,306	7,061	-43	315,794	267,013	-15
Reporting dealers	18,962	16,555	-13	4,800	3,310	-31	559	964	73	82	43	-48	24,402	20,871	-14
Other dealers	109,216	86,480	-21	81,348	76,033	-7	6,771	3,429	-49	8,991	6,184	-31	206,326	172,126	-17
Other financial	23,575	19,826	-16	8,301	9,939	20	8,728	2,793	-68	2,292	441	-81	42,896	32,999	-23
Non-financial	24,344	24,848	2	14,701	13,170	-10	2,184	2,606	19	941	393	-58	42,170	41,017	-3
<b>Outright forwards</b>	74,113	77,346	4	42,254	63,256	50	23,711	15,999	-33	3,029	2,085	-31	143,106	158,685	11
Reporting dealers	3,466	7,129	106	1,469	6,254	326	729	213	-71	12	29	152	5,675	13,624	140
Other dealers	16,848	12,994	-23	26,311	34,733	32	1,599	1,729	8	950	591	-38	45,708	50,047	9
Other financial	35,017	43,264	24	9,211	16,244	76	18,466	12,520	-32	1,504	1,273	-15	64,198	73,301	14
Non-financial	18,782	13,959	-26	5,263	6,025	14	2,917	1,537	-47	563	192	-66	27,525	21,713	-21
<b>FX swaps</b>	522,523	428,771	-18	187,963	241,953	29	20,439	19,181	-6	1,262	5,417	329	732,187	695,321	-5
Reporting dealers	77,932	63,697	-18	8,644	9,579	11	354	547	55	72	3	-97	87,002	73,825	-15
Other dealers	305,967	267,934	-12	144,943	180,962	25	3,809	3,392	-11	406	1,153	184	455,125	453,441	0
Other financial	74,375	44,930	-40	16,167	14,302	-12	12,118	7,298	-40	383	1,264	230	103,043	67,794	-34
Non-financial	64,249	52,210	-19	18,209	37,110	104	4,158	7,944	91	401	2,997	647	87,017	100,261	15
<b>Total dealers</b>	532,391	454,788	-15	267,514	310,871	16	13,821	10,274	-26	10,513	8,002	-24	824,238	783,934	-5
Reporting	100,360	87,380	-13	14,912	19,143	28	1,642	1,724	5	166	74	-55	117,079	108,320	-7
Other	432,031	367,408	-15	252,602	291,728	15	12,179	8,550	-30	10,347	7,928	-23	707,159	675,614	-4
<b>Total customers</b>	240,342	199,037	-17	71,852	96,790	35	48,571	34,698	-29	6,084	6,560	8	366,849	337,085	-8
Financial	132,967	108,020	-19	33,679	40,485	20	39,312	22,611	-42	4,179	2,978	-29	210,137	174,094	-17
Non-financial	107,375	91,017	-15	38,173	56,305	47	9,259	12,087	31	1,905	3,582	88	156,712	162,991	4
<b>Total turnover</b>	772,733	653,825	-15	339,366	407,661	20	62,392	44,972	-28	16,597	14,562	-12	1,191,087	1,121,019	-6
<i>Currency swaps</i>	13,707	30,816	125	2,012	3,944	96	9,374	688	-93	0	226	-	25,093	35,673	42
<i>OTC options</i>	22,276	21,057	-5	7,447	11,106	49	1,625	1,599	-2	167	2,984	1687	31,515	36,745	17

**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							
	Spot		Outright forwards		Foreign exchange swaps		Dealers				Customers			
							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)
Oct-09	270	(24.7)	100	(9.1)	724	(66.2)	111	(10.1)	743	(68.0)	147	(13.5)	93	(8.5)
Apr-10	358	(29.9)	119	(10.0)	720	(60.1)	108	(9.0)	800	(66.8)	156	(13.0)	134	(11.2)
Oct-10	327	(28.3)	148	(12.8)	681	(59.0)	87	(7.5)	803	(69.5)	135	(11.7)	130	(11.3)
Apr-11	347	(28.4)	175	(14.3)	702	(57.4)	129	(10.5)	785	(64.1)	202	(16.5)	109	(8.9)
Oct-11	319	(30.5)	156	(14.9)	573	(54.7)	117	(11.2)	608	(58.1)	201	(19.1)	121	(11.5)
Apr-12	316	(26.5)	143	(12.0)	732	(61.5)	117	(9.8)	707	(59.4)	210	(17.6)	157	(13.2)
Oct-12	267	(23.8)	159	(14.2)	695	(62.0)	108	(9.7)	676	(60.3)	174	(15.5)	163	(14.5)

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

<b>Currency</b>	<b>April 2007</b>	<b>October 2007</b>	<b>April 2008</b>	<b>October 2008</b>	<b>April 2009</b>	<b>October 2009</b>	<b>April 2010</b>	<b>October 2010</b>	<b>April 2011</b>	<b>October 2011</b>	<b>April 2012</b>	<b>October 2012</b>
U.S. dollar	94.8	95.4	95.4	93.7	94.2	95.0	94.1	95.6	91.8	93.7	93.4	94.7
Canadian dollar	63.4	72.0	71.2	67.0	71.1	72.1	68.9	65.1	68.3	66.1	70.1	62.3
Euro	12.2	9.8	10.8	11.8	12.6	11.2	10.8	10.6	11.7	11.4	10.6	12.7
U.K. pound	7.2	6.1	5.0	5.0	4.8	5.6	3.6	5.2	4.0	6.5	5.0	7.4
Japanese yen	5.8	4.3	4.3	5.4	3.7	2.8	3.7	3.1	3.1	3.7	3.1	4.3
Australian dollar	3.6	2.6	2.8	2.0	1.8	2.2	2.3	3.1	2.5	3.8	2.6	3.0
Swiss franc	2.9	1.5	1.6	1.1	0.7	0.9	1.0	1.3	1.1	1.2	1.6	1.0
Other currencies	10.1	8.4	9.0	14.0	11.1	10.2	15.7	15.9	17.6	13.5	13.5	14.6
All currencies <sup>[1]</sup>	200.0	200.0	200.0	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<sup>a</sup>**  
Millions of U.S. dollars

Instrument	April-09		October-09		April-10		October-10		April-11		October-11		April-12		October-12	
	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share
<b>Outright forwards</b>																
Up to 1 month	54,787	48.4	46,928	46.4	59,688	49.2	81,147	53.9	105,692	58.8	88,815	55.2	92,168	61.9	106,326	61.7
1 month to 1 year	52,315	46.2	47,267	46.7	56,995	47.0	65,318	43.4	70,886	39.4	69,239	43.0	52,805	35.5	64,416	37.4
More than 1 year	6,074	5.4	6,935	6.9	4,639	3.8	4,000	2.7	3,181	1.8	2,842	1.8	3,812	2.6	1,564	0.9
<b>Total</b>	<b>113,176</b>	<b>100.0</b>	<b>101,130</b>	<b>100.0</b>	<b>121,322</b>	<b>100.0</b>	<b>150,465</b>	<b>100.0</b>	<b>179,759</b>	<b>100.0</b>	<b>160,896</b>	<b>100.0</b>	<b>148,785</b>	<b>100.0</b>	<b>172,306</b>	<b>100.0</b>
<b>Foreign exchange swaps</b>																
Up to 1 month	638,648	77.6	669,255	81.4	641,643	79.2	564,916	76.6	612,377	78.0	469,163	73.5	595,496	72.7	602,668	78.4
1 month to 1 year	177,437	21.5	139,858	17.0	156,915	19.4	168,245	22.8	166,063	21.2	161,685	25.3	187,063	22.8	161,035	20.9
More than 1 year	7,427	0.9	12,764	1.6	12,097	1.5	4,447	0.6	6,157	0.8	7,673	1.2	36,627	4.5	5,443	0.7
<b>Total</b>	<b>823,512</b>	<b>100.0</b>	<b>821,877</b>	<b>100.0</b>	<b>810,655</b>	<b>100.0</b>	<b>737,608</b>	<b>100.0</b>	<b>784,597</b>	<b>100.0</b>	<b>638,521</b>	<b>100.0</b>	<b>819,186</b>	<b>100.0</b>	<b>769,146</b>	<b>100.0</b>
<b>OTC options</b>																
Up to 1 month	15,603	48.3	16,895	42.8	17,488	29.5	18,626	42.1	21,252	47.1	20,980	52.2	13,313	40.7	17,241	44.4
1 month to 6 months	11,764	36.4	10,887	27.6	32,550	54.9	20,336	46.0	18,366	40.7	14,218	35.4	15,123	46.3	15,009	38.7
Over 6 months	4,936	15.3	11,720	29.7	9,277	15.6	5,249	11.9	5,492	12.2	4,979	12.4	4,257	13.0	6,543	16.9
<b>Total</b>	<b>32,303</b>	<b>100.0</b>	<b>39,502</b>	<b>100.0</b>	<b>59,315</b>	<b>100.0</b>	<b>44,211</b>	<b>100.0</b>	<b>45,110</b>	<b>100.0</b>	<b>40,177</b>	<b>100.0</b>	<b>32,693</b>	<b>100.0</b>	<b>38,793</b>	<b>100.0</b>

a. Not adjusted for local double counting.

**Table 7: Execution methods**  
**Percent shares**  
**October 2012**

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	32	25	16	21	1	4	100
Other	16	4	4	56	4	17	100
<b>U.S. Dollar against</b>							
EUR	22	30	17	20	5	6	100
JPY	40	17	17	15	4	7	100
GBP	15	38	14	19	7	8	100
<b>Total Currency Pairs</b>	30	24	16	22	2	5	100
<b>By Instrument:</b>							
Spot	30	27	14	23	3	3	100
Outright forwards	30	8	7	35	1	19	100
Foreign exchange swaps	29	28	17	19	3	3	100
Cross currency swaps	25	6	50	18	1	0	100
Options	39	22	11	25	5	0	100
<b>Total Instruments</b>	30	24	16	22	2	5	100
<b>By Counterparty:</b>							
With reporting dealers	58	27	14	0	1	0	100
With other dealers	35	36	24	0	3	2	100
With other financial institutions	0	2	1	68	1	28	100
With non-financial customers	0	0	1	94	3	2	100
<b>Total Counterparties</b>	30	24	16	22	2	5	100