

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

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

Contact: Rob Ogradnick
Telephone: (416) 542-1339
Email: rogradnick@bankofcanada.ca

CFEC Releases Results of October 2013 Foreign Exchange Volume Survey

28 January 2014 - The Canadian Foreign Exchange Committee (CFEC) released today the results of its October 2013 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.

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.¹

The summary highlights of the October 2013 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 14.8% to US\$ 52.3 billion in October 2013 from US\$ 61.4 billion in April 2013.
- Spot transactions, outright forwards and foreign exchange swap volumes decreased by 7%, 12% and 19% respectively from April 2013 to US\$ 14.6 billion, US\$ 9.0 billion and US\$ 28.8 billion on an average daily basis.
- The monthly turnover in October of foreign exchange derivatives (currency swaps and options) totaled US\$ 87.6 billion. On an average daily basis, derivatives turnover increased by 17.6% to US\$ 4.0 billion in October 2013 from US\$ 3.4 billion in April 2013.
- Currency swaps rose by 7% to an average of US\$ 1.25 billion per day and options were higher by 22% to US\$ 2.7 billion per day from April 2013.
- Compared with the survey from one year ago, the average daily turnover of traditional foreign exchange products increased by 2.6% from US\$ 51.0 billion in October 2012, and foreign exchange derivatives were up 21.2% from US\$ 3.3 billion in October 2012.

¹ 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.

Starting with the April 2013 survey period, the reporting template had been expanded to:

- break out non-deliverable forwards (Table 3);
- provide a breakdown of the “other financial institutions” counterparty category into four sub-categories (Table 4a); and
- include the USD-MXN and USD-CNY currency pairs (Table 5).

The table on execution methods was also re-formatted (Table 7).

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, 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 conduct similar surveys. Their results are also released today (see links 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.sfemc.org/statistics.asp>

http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2013Oct_2013/index.html

The Canadian Foreign Exchange Committee
Semi-annual Foreign Exchange Volume Survey
October 2013

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January 28, 2014

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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 (6 months)	Per cent change (1 year)
	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	1.4
Apr. 2007	236.5	73.8	756.0	1066.2	20	53.3	8.3	1.3
Oct. 2007	326.5	88.0	1023.9	1438.4	22	65.4	22.7	32.9
Apr. 2008	375.0	110.3	913.0	1398.3	22	63.6	-2.8	19.3
Oct. 2008	401.9	185.3	873.3	1460.4	22	66.4	4.4	1.5
Apr. 2009	248.4	107.2	690.6	1046.1	21	49.8	-25.0	-21.7
Oct. 2009	269.9	99.6	724.1	1093.5	21	52.1	4.6	-21.5
Apr. 2010	358.3	119.5	719.9	1197.7	21	57.0	9.4	14.5
Oct. 2010	326.6	147.6	681.1	1155.3	20	57.8	1.4	10.9
Apr. 2011	347.1	174.7	702.3	1224.1	20	61.2	5.9	7.4
Oct. 2011	319.1	155.5	572.6	1047.2	20	52.4	-14.4	-9.3
Apr. 2012 ¹	315.8	143.1	732.2	1191.1	20	59.6	13.7	-2.6
Oct. 2012	267.0	158.7	695.3	1121.0	22	51.0	-14.4	-2.7
Apr. 2013	343.2	225.7	782.1	1351.0	22	61.4	20.4	3.0
Oct. 2013	320.1	197.6	633.7	1151.5	22	52.3	-14.8	2.6

¹ 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.

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 (6 months)	Per cent change (1 year)
	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	-47.5
Apr. 2007	22.6	36.4	59.1	20	3.0	42.9	3.4
Oct. 2007	24.0	44.2	68.1	22	3.1	3.3	47.6
Apr. 2008	23.3	35.6	58.9	22	2.7	-12.9	-10.0
Oct. 2008	21.1	39.0	60.1	22	2.7	0.0	-12.9
Apr. 2009	21.8	25.3	47.1	21	2.2	-18.5	-18.5
Oct. 2009	17.6	28.0	45.6	21	2.2	0.0	-18.5
Apr. 2010	24.3	41.7	66.0	21	3.1	40.9	40.9
Oct. 2010	23.9	43.2	67.1	20	3.4	9.7	54.5
Apr. 2011	33.0	44.1	77.1	20	3.9	14.7	25.8
Oct. 2011	27.4	38.3	65.7	20	3.3	-15.4	-2.9
Apr. 2012	25.1	31.5	56.6	20	2.8	-15.2	-28.2
Oct. 2012	35.7	36.7	72.4	22	3.3	17.9	0.0
Apr. 2013	25.8	49.2	75.0	22	3.4	3.0	21.4
Oct. 2013	27.6	60.1	87.6	22	4.0	17.6	21.2

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-13	Oct-13	Per cent growth	Apr-13	Oct-13	Per cent growth	Apr-13	Oct-13	Per cent growth	Apr-13	Oct-13	Per cent growth	Apr-13	Oct-13	Per cent growth
Spot	176,640	155,940	-12	134,201	133,171	-1	18,394	18,096	-2	13,993	12,930	-8	343,227	320,136	-7
Reporting dealers	21,634	19,537	-10	2,693	18,563	589	949	754	-21	257	247	-4	25,532	39,100	53
Other dealers	117,420	99,354	-15	117,037	103,004	-12	9,105	9,977	10	13,145	12,298	-6	256,707	224,633	-12
Other financial institutions	13,514	14,768	9	10,589	6,911	-35	5,846	3,871	-34	390	242	-38	30,339	25,792	-15
Non-financial customers	24,072	22,281	-7	3,882	4,693	21	2,494	3,494	40	201	143	-29	30,649	30,611	0
Outright forwards	108,757	99,762	-8	88,283	68,714	-22	24,691	25,404	3	3,928	3,748	-5	225,658	197,627	-12
Reporting dealers	5,859	7,978	36	2,125	3,084	45	265	887	235	137	60	-56	8,385	12,008	43
Other dealers	38,769	24,584	-37	61,626	44,198	-28	2,129	3,328	56	1,948	1,036	-47	104,472	73,146	-30
Other financial institutions	50,548	50,544	0	21,456	17,490	-18	20,907	19,790	-5	1,604	2,373	48	94,515	90,197	-5
Non-financial customers	13,581	16,656	23	3,076	3,942	28	1,390	1,399	1	239	279	17	18,286	22,276	22
Non-deliverable forwards													29,568	29,154	-1
FX swaps	426,055	390,426	-8	316,375	222,824	-30	35,795	18,485	-48	3,863	1,994	-48	782,087	633,729	-19
Reporting dealers	52,099	48,716	-6	9,690	3,875	-60	1,185	426	-64	0	0	-	62,973	53,017	-16
Other dealers	274,515	260,390	-5	248,527	184,303	-26	6,461	5,281	-18	2,409	1,066	-56	531,912	451,040	-15
Other financial institutions	49,236	41,773	-15	18,983	11,641	-39	16,970	8,818	-48	714	629	-12	85,903	62,861	-27
Non-financial customers	50,205	39,547	-21	39,175	23,005	-41	11,179	3,960	-65	740	299	-60	101,299	66,811	-34
Currency swaps	21,572	19,905	-8	4,071	6,719	65	81	765	844	48	182	279	25,772	27,571	7
Reporting dealers	4,423	8,430	91	651	768	18	23	83	259	0	5	-	5,097	9,286	82
Other dealers	9,901	7,246	-27	3,293	5,734	74	44	457	939	34	177	421	13,272	13,614	3
Other financial institutions	950	1,433	51	0	99	-	0	0	-	14	0	-100	964	1,532	59
Non-financial customers	6,298	2,796	-56	127	118	-7	14	225	1507	0	0	-	6,439	3,139	-51
OTC options	25,911	39,865	54	20,981	17,903	-15	1,745	2,114	21	589	185	-69	49,226	60,066	22
Reporting dealers	1,194	2,675	124	1,730	1,007	-42	53	96	83	158	0	-100	3,135	3,777	20
Other dealers	19,024	26,135	37	12,149	12,968	7	914	1,395	53	387	121	-69	32,474	40,619	25
Other financial institutions	719	692	-4	5,913	2,526	-57	0	0	-	31	29	-6	6,663	3,247	-51
Non-financial customers	4,974	10,363	108	1,189	1,402	18	778	623	-20	13	35	169	6,954	12,423	79
Total dealers	544,838	505,044	-7	459,521	377,504	-18	21,127	22,683	7	18,474	15,009	-19	1,043,959	920,239	-12
Reporting	85,209	87,335	2	16,889	27,297	62	2,474	2,245	-9	551	311	-44	105,122	117,187	11
Other	459,629	417,709	-9	442,632	350,207	-21	18,653	20,438	10	17,923	14,698	-18	938,837	803,052	-14
Total customers	214,097	200,853	-6	104,390	71,827	-31	59,578	42,180	-29	3,946	4,029	2	382,011	318,889	-17
Financial	114,967	109,210	-5	56,941	38,667	-32	43,723	32,479	-26	2,753	3,273	19	218,384	183,629	-16
Non-financial	99,130	91,643	-8	47,449	33,160	-30	15,855	9,701	-39	1,193	756	-37	163,627	135,260	-17
Total turnover	758,935	705,897	-7	563,911	449,331	-20	80,705	64,863	-20	22,420	19,038	-15	1,425,970	1,239,128	-13

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

	Instrument									Counterparty ¹								
	Spot		Outright forwards		Foreign exchange swaps		Currency swaps		OTC options		Dealers			Customers				
											Reporting		Other		Financial		Non-financial	
Oct-05	224	(21.3)	61	(5.8)	685	(65.2)	25	(2.4)	55	(5.2)	96	(9.9)	658	(67.8)	118	(12.1)	99	(10.2)
Apr-06	235	(22.3)	61	(5.8)	704	(66.5)	28	(2.7)	28	(2.7)	102	(10.2)	705	(70.5)	115	(11.5)	77	(7.7)
Oct-06	239	(22.1)	63	(5.9)	732	(67.8)	19	(1.8)	26	(2.4)	100	(9.6)	710	(68.7)	138	(13.3)	87	(8.4)
Apr-07	236	(21.0)	74	(6.6)	756	(67.2)	23	(2.0)	36	(3.2)	94	(8.8)	698	(65.5)	166	(15.5)	109	(10.2)
Oct-07	326	(21.7)	88	(5.8)	1024	(68.0)	24	(1.6)	44	(2.9)	92	(6.4)	1024	(71.2)	181	(12.6)	141	(9.8)
Apr-08	375	(25.7)	110	(7.6)	913	(62.6)	23	(1.6)	36	(2.5)	154	(11.0)	940	(67.2)	192	(13.8)	112	(8.0)
Oct-08	402	(26.4)	185	(12.2)	873	(57.4)	21	(1.4)	39	(2.6)	155	(10.6)	889	(60.9)	266	(18.2)	151	(10.3)
Apr-09	248	(22.7)	107	(9.8)	691	(63.2)	22	(2.0)	25	(2.3)	169	(16.1)	631	(60.3)	155	(14.8)	91	(8.7)
Oct-09	270	(23.7)	100	(8.7)	724	(63.5)	18	(1.6)	28	(2.5)	111	(10.1)	743	(68.0)	147	(13.5)	93	(8.5)
Apr-10	358	(28.3)	119	(9.4)	720	(57.0)	24	(1.9)	42	(3.3)	108	(9.0)	800	(66.8)	156	(13.0)	134	(11.2)
Oct-10	327	(26.7)	148	(12.1)	681	(55.7)	24	(2.0)	43	(3.5)	87	(7.5)	803	(69.5)	135	(11.7)	130	(11.3)
Apr-11	347	(26.7)	175	(13.4)	702	(54.0)	33	(2.5)	44	(3.4)	129	(10.5)	785	(64.1)	202	(16.5)	109	(8.9)
Oct-11	319	(28.7)	156	(14.0)	573	(51.5)	27	(2.4)	38	(3.4)	117	(11.2)	608	(58.1)	201	(19.1)	121	(11.5)
Apr-12	316	(25.3)	143	(11.4)	732	(58.7)	25	(2.0)	32	(2.6)	117	(9.8)	707	(59.4)	210	(17.6)	157	(13.2)
Oct-12	267	(22.4)	159	(13.3)	695	(58.2)	36	(3.0)	37	(3.1)	108	(9.7)	676	(60.3)	174	(15.5)	163	(14.5)
Apr-13	343	(24.1)	226	(15.8)	782	(54.8)	26	(1.8)	49	(3.5)	105	(7.4)	939	(65.8)	218	(15.3)	164	(11.5)
Oct-13	320	(25.8)	198	(15.9)	634	(51.1)	28	(2.2)	60	(4.8)	117	(9.5)	803	(64.8)	184	(14.8)	135	(10.9)

¹ Beginning in April 2013, the counterparty breakdown is based on all five foreign exchange instruments, not just traditional foreign exchange turnover (spot, outright forwards and foreign exchange swaps).

Table 4a: Breakdown of other financial institutions

October 2013

Billions of U.S. dollars (and percent shares)

	Spot		Outright forwards		Foreign exchange swaps		Currency swaps		Options		Total	
Total Other Financial Institutions	25.8	(100.0)	90.2	(100.0)	62.9	(100.0)	1.5	(100.0)	3.2	(100.0)	183.6	(100.0)
Institutional investors	17.4	(67.4)	68.2	(75.7)	46.7	(74.3)	1.0	(66.5)	3.1	(95.7)	136.4	(74.3)
Hedge funds and proprietary trading firms	8.1	(31.4)	19.4	(21.5)	13.2	(21.0)	0.0	(0.0)	0.1	(1.9)	40.7	(22.2)
Official sector financial institutions	0.2	(0.9)	2.5	(2.7)	2.9	(4.6)	0.5	(33.5)	0.1	(2.4)	6.2	(3.4)
Other	0.1	(0.3)	0.1	(0.2)	0.1	(0.1)	0.0	(0.0)	0.0	(0.0)	0.3	(0.2)

Table 5: Currency distribution of foreign exchange market turnover in Canada
Summary of surveys¹
Percent shares

Currency	April 2008	October 2008	April 2009	October 2009	April 2010	October 2010	April 2011	October 2011	April 2012	October 2012	April 2013	October 2013
U.S. dollar	95.4	93.7	94.2	95.0	94.1	95.6	91.8	93.7	93.4	94.7	92.8	93.2
Canadian dollar	71.2	67.0	71.1	72.1	68.9	65.1	68.3	66.1	70.1	62.3	58.9	62.2
Euro	10.8	11.8	12.6	11.2	10.8	10.6	11.7	11.4	10.6	12.7	15.4	13.4
U.K. pound	5.0	5.0	4.8	5.6	3.6	5.2	4.0	6.5	5.0	7.4	6.4	6.6
Japanese yen	4.3	5.4	3.7	2.8	3.7	3.1	3.1	3.7	3.1	4.3	4.8	3.3
Australian dollar	2.8	2.0	1.8	2.2	2.3	3.1	2.5	3.8	2.6	3.0	2.6	3.1
Swiss franc	1.6	1.1	0.7	0.9	1.0	1.3	1.1	1.2	1.6	1.0	1.7	1.6
Mexican peso ²	--	--	--	--	--	--	--	--	--	--	3.5	2.5
Chinese yuan ²	--	--	--	--	--	--	--	--	--	--	0.1	0.3
Other currencies	9.0	14.0	11.1	10.2	15.7	15.9	17.6	13.5	13.5	14.6	13.8	13.8
All currencies ³	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 Beginning in April 2013, the currency distribution is based on all five foreign exchange instruments, not just traditional foreign exchange turnover (spot, outright forwards and foreign exchange swaps).

² The Mexican peso and Chinese yuan were not broken out before April 2013.

³ 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 maturity¹
Millions of U.S. dollars

Instrument	April-10		October-10		April-11		October-11		April-12		October-12		April-13		October-13	
	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share
Outright forwards																
Up to 1 month	59,688	49.2	81,147	53.9	105,692	58.8	88,815	55.2	92,168	61.9	106,326	61.7	155,868	66.6	124,906	59.6
1 month to 1 year	56,995	47.0	65,318	43.4	70,886	39.4	69,239	43.0	52,805	35.5	64,416	37.4	75,386	32.2	80,321	38.3
More than 1 year	4,639	3.8	4,000	2.7	3,181	1.8	2,842	1.8	3,812	2.6	1,564	0.9	2,789	1.2	4,407	2.1
Total	121,322	100.0	150,465	100.0	179,759	100.0	160,896	100.0	148,785	100.0	172,306	100.0	234,043	100.0	209,634	100.0
Foreign exchange swaps																
Up to 1 month	641,643	79.2	564,916	76.6	612,377	78.0	469,163	73.5	595,496	72.7	602,668	78.4	653,250	77.3	521,855	76.0
1 month to 1 year	156,915	19.4	168,245	22.8	166,063	21.2	161,685	25.3	187,063	22.8	161,035	20.9	182,342	21.6	158,263	23.0
More than 1 year	12,097	1.5	4,447	0.6	6,157	0.8	7,673	1.2	36,627	4.5	5,443	0.7	9,468	1.1	6,627	1.0
Total	810,655	100.0	737,608	100.0	784,597	100.0	638,521	100.0	819,186	100.0	769,146	100.0	845,060	100.0	686,745	100.0
OTC options																
Up to 1 month	17,488	29.5	18,626	42.1	21,252	47.1	20,980	52.2	13,313	40.7	17,241	44.4	17,508	33.4	29,022	45.5
1 month to 6 months	32,550	54.9	20,336	46.0	18,366	40.7	14,218	35.4	15,123	46.3	15,009	38.7	29,667	56.7	24,717	38.7
Over 6 months	9,277	15.6	5,249	11.9	5,492	12.2	4,979	12.4	4,257	13.0	6,543	16.9	5,185	9.9	10,100	15.8
Total	59,315	100.0	44,211	100.0	45,110	100.0	40,177	100.0	32,693	100.0	38,793	100.0	52,360	100.0	63,839	100.0

¹ Not adjusted for local double-counting.

Table 7: Execution methods
percent shares
October 2013

Classification	Voice		Electronic					TOTAL
	Direct ¹	Indirect ²	Direct ¹		Indirect ²			
			Single-bank Proprietary trading systems	Other	Reuters Matching/ EBS	Other electronic communication networks	Other	
SPOT								
With reporting dealers	73	5	4	1	18	0	0	100
With other dealers	38	17	6	11	24	4	0	100
With other financial institutions	53	0	13	14	6	14	0	100
With non-financial customers	71	2	8	17	0	2	0	100
Total Spot	47	12	6	11	20	4	0	100
OUTRIGHT FORWARDS								
With reporting dealers	66	1	1	0	32	0	0	100
With other dealers	63	12	3	4	8	10	1	100
With other financial institutions	41	0	23	1	1	33	0	100
With non-financial customers	71	1	4	13	0	11	0	100
Total Outright forwards	54	5	12	3	5	20	0	100
FOREIGN EXCHANGE SWAPS								
With reporting dealers	60	19	6	0	14	0	0	100
With other dealers	20	16	28	8	25	3	0	100
With other financial institutions	63	2	7	5	3	19	0	100
With non-financial customers	89	0	1	8	0	2	0	100
Total Foreign exchange swaps	35	13	21	7	19	4	0	100
CURRENCY SWAPS								
With reporting dealers	47	42	2	2	5	2	0	100
With other dealers	38	55	1	3	2	1	0	100
With other financial institutions	60	33	1	4	2	1	0	100
With non-financial customers	70	21	2	0	5	2	0	100
Total Currency swaps	46	45	1	2	3	1	0	100
OTC OPTIONS								
With reporting dealers	45	34	11	3	0	7	0	100
With other dealers	46	44	5	2	0	3	0	100
With other financial institutions	18	7	3	0	0	72	0	100
With non-financial customers	39	16	3	1	0	40	0	100
Total OTC options	43	36	5	2	0	15	0	100
TOTAL FX CONTRACTS	42	13	15	7	16	7	0	100

¹ Direct means not intermediated by a third party.

² Indirect means intermediated by a third party.