

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

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## CFEC Releases Results of October 2010 Foreign Exchange Volume Survey

**January 31, 2011** - The Canadian Foreign Exchange Committee (CFEC) released today the results of its October 2010 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>1</sup>

The summary highlights of the October 2010 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\$ 1.16 trillion. On an average daily basis, total turnover increased marginally by 1.4% from US\$ 57.0 billion in April 2010 to US\$ 57.8 billion in October.
- On an average daily basis in October, spot and foreign exchange swap volumes fell by 4% and 1% respectively compared with the month of April 2010. In contrast, outright forward turnover increased by 30% from April to October.
- Compared with the survey one year ago, the average daily turnover of traditional foreign exchange products increased by 11% from US\$ 52.1 billion in October 2009 to US\$ 57.8 billion in October 2010. However, traditional foreign exchange turnover remains lower compared with the October 2007 to October 2008 period.
- The average daily turnover of foreign exchange derivatives (currency swaps and options) totaled US\$ 3.4 billion, up almost 10% on an average daily basis from the survey six months earlier.

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

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<sup>1</sup> 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](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.sfemc.org/statistics.asp>

[http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2010Oct\\_2010/index.html](http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2010Oct_2010/index.html)

**The Canadian Foreign Exchange Committee**  
**Semi-annual Foreign Exchange Volume Survey**  
October, 2010

**Summary Tables**



January 31, 2011

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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

**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	17.6	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

**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-10	Oct-10	Per cent growth	Apr-10	Oct-10	Per cent growth	Apr-10	Oct-10	Per cent growth	Apr-10	Oct-10	Per cent growth	Apr-10	Oct-10	Per cent growth
<b>Spot</b>	184,603	174,380	-6	140,816	132,313	-6	19,285	13,319	-31	13,580	6,599	-51	358,284	326,611	-9
Reporting dealers	12549	24252	93	2,346	3,281	40	52	113	117	643	17	-97	15,590	27,663	77
Other dealers	121,220	108,182	-11	105,764	98,324	-7	12,259	6,060	-51	11,277	6,049	-46	250,520	218,615	-13
Other financial	19,270	17,029	-12	10,510	6,522	-38	4,738	5,320	12	800	270	-66	35,318	29,141	-17
Non-financial	31,564	24,917	-21	22,196	24,186	9	2,236	1,826	-18	860	263	-69	56,856	51,192	-10
<b>Outright forwards</b>	50,150	55,700	11	50,291	78,244	56	15,995	10,605	-34	3,030	3,040	0	119,465	147,589	24
Reporting dealers	890	1,184	33	954	1,604	68	23	82	257	1	5	900	1,867	2,875	54
Other dealers	7,002	9,588	37	34,067	57,390	68	2,462	1,374	-44	827	916	11	44,358	69,268	56
Other financial	24,626	26,080	6	9,348	13,260	42	11,291	7,838	-31	1,840	1,910	4	47,105	49,088	4
Non-financial	17,632	18,848	7	5,922	5,990	1	2,219	1,311	-41	362	209	-42	26,135	26,358	1
<b>FX swaps</b>	537,517	482,402	-10	163,230	181,731	11	17,526	15,714	-10	1,652	1,251	-24	719,925	681,097	-5
Reporting dealers	83,206	49,584	-40	7,044	6,680	-5	370	243	-34	0	3	-	90,620	56,509	-38
Other dealers	378,440	363,833	-4	122,143	146,933	20	4,590	4,168	-9	25	200	700	505,198	515,134	2
Other financial	46,799	37,013	-21	15,289	9,397	-39	10,298	9,844	-4	706	413	-42	73,092	56,667	-22
Non-financial	29,072	31,972	10	18,754	18,721	0	2,268	1,459	-36	921	635	-31	51,015	52,787	3
<b>Total dealers</b>	603,307	556,623	-8	272,317	314,211	15	19,756	12,040	-39	12,773	7,190	-44	908,152	890,063	-2
Reporting	96,645	75,020	-22	10,343	11,564	12	445	438	-2	644	25	-96	108,076	87,046	-19
Other	506,662	481,603	-5	261,974	302,647	16	19,311	11,602	-40	12,129	7,165	-41	800,076	803,017	0
<b>Total customers</b>	168,963	155,859	-8	82,019	78,076	-5	33,050	27,598	-16	5,489	3,700	-33	289,521	265,233	-8
Financial	90,695	80,122	-12	35,147	29,179	-17	26,327	23,002	-13	3,346	2,593	-23	155,515	134,896	-13
Non-financial	78,268	75,737	-3	46,872	48,897	4	6,723	4,596	-32	2,143	1,107	-48	134,006	130,337	-3
<b>Total turnover</b>	772,270	712,482	-8	354,336	392,287	11	52,806	39,638	-25	18,262	10,890	-40	1,197,673	1,155,296	-4
<i>Currency swaps</i>	15,163	20,317	34	6,833	2,901	-58	129	500	288	2,386	414	-83	24,309	23,912	-2
<i>OTC options</i>	21,960	18,791	-14	16,498	21,574	31	1,831	1,391	-24	7,184	1,622	-77	41,693	43,167	4

**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)
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)



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

<b>Currency</b>	<b>April 2006</b>	<b>October 2006</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>
U.S. dollar	95.6	95.7	94.8	95.4	95.4	93.7	94.2	95.0	94.1	95.6
Canadian dollar	59.9	63.9	63.4	72.0	71.2	67.0	71.1	72.1	68.9	65.1
Euro	11.9	11.6	12.2	9.8	10.8	11.8	12.6	11.2	10.8	10.6
U.K. pound	5.9	6.3	7.2	6.1	5.0	5.0	4.8	5.6	3.6	5.2
Japanese yen	6.8	5.3	5.8	4.3	4.3	5.4	3.7	2.8	3.7	3.1
Australian dollar	5.3	5.7	3.6	2.6	2.8	2.0	1.8	2.2	2.3	3.1
Swiss franc	2.8	1.7	2.9	1.5	1.6	1.1	0.7	0.9	1.0	1.3
Other currencies	11.9	9.9	10.1	8.4	9.0	14.0	11.1	10.2	15.7	15.9
All currencies[1]	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-07		October-07		April-08		October-08		April-09		October-09		April-10		October-10	
	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share
<b>Outright forwards</b>																
Up to 1 month	39,657	50.7	44,800	49.7	45,817	40.6	80,421	42.0	54,787	48.4	46,928	46.4	59,688	49.2	81,147	53.9
1 month to 1 year	36,874	47.1	41,595	46.1	61,957	54.9	104,077	54.4	52,315	46.2	47,267	46.7	56,995	47.0	65,318	43.4
More than 1 year	1,684	2.2	3,785	4.2	4,991	4.4	6,852	3.6	6,074	5.4	6,935	6.9	4,639	3.8	4,000	2.7
<b>Total</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>101,130</b>	<b>100.0</b>	<b>121,322</b>	<b>100.0</b>	<b>150,465</b>	<b>100.0</b>
<b>Foreign exchange swaps</b>																
Up to 1 month	670,283	81.8	872,910	79.7	789,189	79.7	736,124	75.6	638,648	77.6	669,255	81.4	641,643	79.2	564,916	76.6
1 month to 1 year	143,605	17.5	214,868	19.6	192,035	19.4	229,050	23.5	177,437	21.5	139,858	17.0	156,915	19.4	168,245	22.8
More than 1 year	6,017	0.7	7,562	0.7	9,125	0.9	8,926	0.9	7,427	0.9	12,764	1.6	12,097	1.5	4,447	0.6
<b>Total</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>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>OTC options</b>																
Up to 1 month	20,336	46.4	29,176	54.3	18,561	41.3	13,524	28.5	15,603	48.3	16,895	42.7	17,488	29.5	18,626	42.1
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	10,887	27.6	32,550	54.9	20,336	46.0
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	9,277	15.6	5,249	11.9
<b>Total</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>	<b>39,502</b>	<b>100.0</b>	<b>59,315</b>	<b>100.0</b>	<b>44,211</b>	<b>100.0</b>

a. Not adjusted for local double counting.

**Table 7: Execution methods**  
**Percent shares**  
**October 2010**

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	33	28	20	15	2	2	100
Other	24	5	1	52	3	15	100
<b>U.S. Dollar against</b>							
EUR	28	47	7	12	3	3	100
JPY	26	42	9	18	1	3	100
GBP	19	50	9	13	2	6	100
<b>Total Currency Pairs</b>	<b>31</b>	<b>30</b>	<b>17</b>	<b>16</b>	<b>2</b>	<b>3</b>	<b>100</b>

<b>By Instrument:</b>							
Spot	37	37	3	19	3	1	100
Outright forwards	31	3	15	34	3	14	100
Foreign exchange swaps	27	33	24	13	1	2	100
Cross currency swaps	52	11	16	11	3	6	100
Options	41	37	3	9	6	3	100
<b>Total Instruments</b>	<b>31</b>	<b>30</b>	<b>17</b>	<b>16</b>	<b>2</b>	<b>3</b>	<b>100</b>

<b>By Counterparty:</b>							
With reporting dealers	48	31	20	0	0	1	100
With other dealers	38	40	21	0	1	0	100
With other financial institutions	0	2	1	69	8	21	100
With non-financial customers	0	2	0	87	5	6	100
<b>Total Counterparties</b>	<b>31</b>	<b>30</b>	<b>17</b>	<b>16</b>	<b>2</b>	<b>3</b>	<b>100</b>