

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

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

**July 30, 2012** - The Canadian Foreign Exchange Committee (CFEC) released today the results of its April 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. In October 2011, eight banks reported.<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 April 2012 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 almost US\$ 1.2 trillion. On an average daily basis, total turnover increased by 13.7% from US\$ 52.4 billion in October 2011 to US\$ 59.6 billion in April 2012.
- On an average daily basis in April 2012, spot and outright forward volumes decreased by 1% and 8% respectively compared with the month of October 2011. In contrast, foreign exchange swap volume was up 28% from six months earlier.
- Compared with the survey one year ago, the average daily turnover of traditional foreign exchange products declined by 2.6% from US\$ 61.2 billion in April 2011 to US\$ 59.6 billion in April 2012.
- The average daily turnover of foreign exchange derivatives (currency swaps and options) totaled US\$ 2.8 billion, down 15.2% from six months earlier. Currency swaps and options were lower by 8% and 18% respectively. Total foreign exchange derivatives were down 27% from one year ago.

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<sup>1</sup> State Street (Canada) no longer satisfies the reporting methodology for the CFEC survey (see second paragraph) and has thus been removed from the survey. Prior volumes are based on the submission of eight banks and have not been re-adjusted to reflect the removal of State Street from the 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. 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 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/2012Apr\\_2012/index.html](http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2012Apr_2012/index.html)

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

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July 30, 2012

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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

**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

**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-11	Apr-12	Per cent growth	Oct-11	Apr-12	Per cent growth	Oct-11	Apr-12	Per cent growth	Oct-11	Apr-12	Per cent growth	Oct-11	Apr-12	Per cent growth
<b>Spot</b>	182,961	176,097	-4	111,160	109,150	-2	16,100	18,242	13	8,838	12,306	39	319,059	315,794	-1
Reporting dealers	33,196	18,962	-43	10,489	4,800	-54	2,239	559	-75	335	82	-76	46,259	24,402	-47
Other dealers	105,895	109,216	3	87,197	81,348	-7	5,579	6,771	21	7,661	8,991	17	206,332	206,326	0
Other financial	22,112	23,575	7	8,587	8,301	-3	3,559	8,728	145	540	2,292	324	34,798	42,896	23
Non-financial	21,758	24,344	12	4,887	14,701	201	4,723	2,184	-54	302	941	212	31,670	42,170	33
<b>Outright forwards</b>	77,230	74,113	-4	55,933	42,254	-24	19,620	23,711	21	2,757	3,029	10	155,539	143,106	-8
Reporting dealers	3,365	3,466	3	1,584	1,469	-7	406	729	80	0	12	-	5,354	5,675	6
Other dealers	10,718	16,848	57	29,612	26,311	-11	1,503	1,599	6	738	950	29	42,571	45,708	7
Other financial	40,458	35,017	-13	17,684	9,211	-48	15,987	18,466	16	1,759	1,504	-14	75,888	64,198	-15
Non-financial	22,689	18,782	-17	7,053	5,263	-25	1,724	2,917	69	260	563	117	31,726	27,525	-13
<b>FX swaps</b>	380,721	522,523	37	173,144	187,963	9	16,116	20,439	27	2,667	1,262	-53	572,648	732,187	28
Reporting dealers	53,947	77,932	44	11,679	8,644	-26	251	354	41	0	72	-	65,877	87,002	32
Other dealers	238,740	305,967	28	117,574	144,943	23	2,057	3,809	85	1,150	406	-65	359,521	455,125	27
Other financial	53,790	74,375	38	24,280	16,167	-33	10,405	12,118	16	1,351	383	-72	89,826	103,043	15
Non-financial	34,244	64,249	88	19,611	18,209	-7	3,403	4,158	22	166	401	142	57,424	87,017	52
<b>Total dealers</b>	445,860	532,391	19	258,134	267,514	4	12,035	13,821	15	9,884	10,513	6	725,913	824,238	14
Reporting	90,507	100,360	11	23,751	14,912	-37	2,896	1,642	-43	335	166	-51	117,489	117,079	0
Other	355,353	432,031	22	234,383	252,602	8	9,139	12,179	33	9,549	10,347	8	608,424	707,159	16
<b>Total customers</b>	195,051	240,342	23	82,102	71,852	-12	39,801	48,571	22	4,378	6,084	39	321,332	366,849	14
Financial	116,360	132,967	14	50,551	33,679	-33	29,951	39,312	31	3,650	4,179	14	200,512	210,137	5
Non-financial	78,691	107,375	36	31,551	38,173	21	9,850	9,259	-6	728	1,905	162	120,820	156,712	30
<b>Total turnover</b>	640,911	772,733	21	340,236	339,366	0	51,836	62,392	20	14,262	16,597	16	1,047,245	1,191,087	14
<i>Currency swaps</i>	19,132	13,707	-28	6,491	2,012	-69	510	9,374	1740	1,251	0	-100	27,383	25,093	-8
<i>OTC options</i>	19,636	22,276	13	16,868	7,447	-56	1,402	1,625	16	441	167	-62	38,347	31,515	-18

**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)

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

<b>Currency</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>	<b>April 2011</b>	<b>October 2011</b>	<b>April 2012</b>
U.S. dollar	95.7	94.8	95.4	95.4	93.7	94.2	95.0	94.1	95.6	91.8	93.7	93.4
Canadian dollar	63.9	63.4	72.0	71.2	67.0	71.1	72.1	68.9	65.1	68.3	66.1	70.1
Euro	11.6	12.2	9.8	10.8	11.8	12.6	11.2	10.8	10.6	11.7	11.4	10.6
U.K. pound	6.3	7.2	6.1	5.0	5.0	4.8	5.6	3.6	5.2	4.0	6.5	5.0
Japanese yen	5.3	5.8	4.3	4.3	5.4	3.7	2.8	3.7	3.1	3.1	3.7	3.1
Australian dollar	5.7	3.6	2.6	2.8	2.0	1.8	2.2	2.3	3.1	2.5	3.8	2.6
Swiss franc	1.7	2.9	1.5	1.6	1.1	0.7	0.9	1.0	1.3	1.1	1.2	1.6
Other currencies	9.9	10.1	8.4	9.0	14.0	11.1	10.2	15.7	15.9	17.6	13.5	13.5
All currencies[1]	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	October-08		April-09		October-09		April-10		October-10		April-11		October-11		April-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	80,421	42.0	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
1 month to 1 year	104,077	54.4	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
More than 1 year	6,852	3.6	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
<b>Total</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>179,759</b>	<b>100.0</b>	<b>160,896</b>	<b>100.0</b>	<b>148,785</b>	<b>100.0</b>
<b>Foreign exchange swaps</b>																
Up to 1 month	736,124	75.6	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
1 month to 1 year	229,050	23.5	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
More than 1 year	8,926	0.9	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
<b>Total</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>784,597</b>	<b>100.0</b>	<b>638,521</b>	<b>100.0</b>	<b>819,186</b>	<b>100.0</b>
<b>OTC options</b>																
Up to 1 month	13,524	28.5	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
1 month to 6 months	21,230	44.7	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
Over 6 months	12,741	26.8	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
<b>Total</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>	<b>45,110</b>	<b>100.0</b>	<b>40,177</b>	<b>100.0</b>	<b>32,693</b>	<b>100.0</b>

a. Not adjusted for local double counting.

**Table 7: Execution methods**  
**Percent shares**  
**April 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	21	20	23	1	3	100
Other	23	2	3	63	2	7	100
<b>U.S. Dollar against</b>							
EUR	27	35	19	12	2	5	100
JPY	20	28	21	19	4	8	100
GBP	18	30	23	18	4	8	100
<b>Total Currency Pairs</b>	30	21	19	24	2	4	100

<b>By Instrument:</b>							
Spot	33	22	17	22	3	3	100
Outright forwards	21	9	9	48	2	11	100
Foreign exchange swaps	30	24	23	19	1	4	100
Cross currency swaps	36	7	11	44	2	0	100
Options	36	30	5	27	2	0	100
<b>Total Instruments</b>	30	21	19	24	2	4	100

<b>By Counterparty:</b>							
With reporting dealers	65	17	17	0	1	0	100
With other dealers	34	34	29	0	2	1	100
With other financial institutions	0	1	3	78	3	15	100
With non-financial customers	0	0	0	89	3	8	100
<b>Total Counterparties</b>	30	21	19	24	2	4	100