

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

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CFEC Releases Results of April 2013 Foreign Exchange Volume Survey

29 July 2013 - The Canadian Foreign Exchange Committee (CFEC) released today the results of its April 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 April 2013 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 over US\$ 1.3 trillion. On an average daily basis, total turnover increased by 20.4% to US\$ 61.4 billion in April 2013 from US\$ 51.0 billion in October 2012 (US\$ 59.6 billion in April 2012).
- Spot transactions, outright forwards and foreign exchange swap volumes increased by 29%, 42% and 12% respectively from October 2012 to US\$ 15.6 billion, US\$ 10.3 billion and US\$ 35.6 billion on an average daily basis.
- The monthly turnover in April of foreign exchange derivatives (currency swaps and options) totaled US\$ 75 billion. On an average daily basis, derivatives turnover increased by 3.0% to US\$ 3.4 billion in April 2013 from US\$ 3.3 billion in October 2012 (US\$ 2.8 billion in April 2012).
- Currency swaps were down by 28% to an average of US\$ 1.2 billion per day and options were higher by 34% to US\$ 2.2 billion per day from October 2012.

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

¹ Where no sales desk is involved in a transaction, for example in an interbank deal, volumes are based on the trading desk.

Please note that the April 2013 CFEC reporting template was 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).

With the changes to this survey as well as to the BIS triennial survey conducted during the same reporting month of April, a number of banks re-examined and upgraded their reporting methods. As a result, there is more accurate reporting of execution methods, reflected in the increase in the volume of trades executed through single-bank proprietary trading systems.

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 will be 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/2013Apr_2013/index.html

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

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July 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 ¹	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
Apr. 2013	343.2	225.7	782.1	1351.0	22	61.4	20.4

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
	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
Apr. 2013	25.8	49.2	75.0	22	3.4	3.0

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-12	Apr-13	Per cent growth	Oct-12	Apr-13	Per cent growth	Oct-12	Apr-13	Per cent growth	Oct-12	Apr-13	Per cent growth	Oct-12	Apr-13	Per cent growth
Spot	147,709	176,640	20	102,452	134,201	31	9,792	18,394	88	7,061	13,993	98	267,013	343,227	29
Reporting dealers	16,555	21,634	31	3,310	2,693	-19	964	949	-2	43	257	497	20,871	25,532	22
Other dealers	86,480	117,420	36	76,033	117,037	54	3,429	9,105	166	6,184	13,145	113	172,126	256,707	49
Other financial institutions	19,826	13,514	-32	9,939	10,589	7	2,793	5,846	109	441	390	-12	32,999	30,339	-8
Non-financial customers	24,848	24,072	-3	13,170	3,882	-71	2,606	2,494	-4	393	201	-49	41,017	30,649	-25
Outright forwards	77,346	108,757	41	63,256	88,283	40	15,999	24,691	54	2,085	3,928	88	158,685	225,658	42
Reporting dealers	7,129	5,859	-18	6,254	2,125	-66	213	265	24	29	137	371	13,624	8,385	-38
Other dealers	12,994	38,769	198	34,733	61,626	77	1,729	2,129	23	591	1,948	230	50,047	104,472	109
Other financial institutions	43,264	50,548	17	16,244	21,456	32	12,520	20,907	67	1,273	1,604	26	73,301	94,515	29
Non-financial customers	13,959	13,581	-3	6,025	3,076	-49	1,537	1,390	-10	192	239	24	21,713	18,286	-16
Non-deliverable forwards													-	29,568	-
FX swaps	428,771	426,055	-1	241,953	316,375	31	19,181	35,795	87	5,417	3,863	-29	695,321	782,087	12
Reporting dealers	63,697	52,099	-18	9,579	9,690	1	547	1,185	117	3	0	-100	73,825	62,973	-15
Other dealers	267,934	274,515	2	180,962	248,527	37	3,392	6,461	90	1,153	2,409	109	453,441	531,912	17
Other financial institutions	44,930	49,236	10	14,302	18,983	33	7,298	16,970	133	1,264	714	-44	67,794	85,903	27
Non-financial customers	52,210	50,205	-4	37,110	39,175	6	7,944	11,179	41	2,997	740	-75	100,261	101,299	1
Currency swaps	30,816	21,572	-30	3,944	4,071	3	688	81	-88	226	48	-79	35,673	25,772	-28
Reporting dealers	4,707	4,423	-6	585	651	11	345	23	-93	0	0	-	5,636	5,097	-10
Other dealers	20,146	9,901	-51	1,313	3,293	151	38	44	16	58	34	-41	21,555	13,272	-38
Other financial institutions	1,391	950	-32	52	0	-100	281	0	-100	168	14	-92	1,892	964	-49
Non-financial customers	4,572	6,298	38	1,994	127	-94	24	14	-42	0	0	-	6,590	6,439	-2
OTC options	21,057	25,911	23	11,106	20,981	89	1,599	1,745	9	2,984	589	-80	36,745	49,226	34
Reporting dealers	1,625	1,194	-27	421	1,730	311	4	53	1213	0	158	-	2,049	3,135	53
Other dealers	12,988	19,024	46	7,497	12,149	62	1,437	914	-36	1,544	387	-75	23,466	32,474	38
Other financial institutions	3,287	719	-78	1,837	5,913	222	92	0	-100	1,029	31	-97	6,245	6,663	7
Non-financial customers	3,157	4,974	58	1,351	1,189	-12	66	778	1079	411	13	-97	4,985	6,954	39
Total dealers	494,253	544,838	10	320,686	459,521	43	12,097	21,127	75	9,604	18,474	92	836,640	1,043,959	25
Reporting	93,711	85,209	-9	20,148	16,889	-16	2,072	2,474	19	74	551	645	116,005	105,122	-9
Other	400,542	459,629	15	300,538	442,632	47	10,025	18,653	86	9,530	17,923	88	720,635	938,837	30
Total customers	211,444	214,097	1	102,024	104,390	2	35,161	59,578	69	8,168	3,946	-52	356,797	382,011	7
Financial	112,698	114,967	2	42,374	56,941	34	22,984	43,723	90	4,175	2,753	-34	182,231	218,384	20
Non-financial	98,746	99,130	0	59,650	47,449	-20	12,177	15,855	30	3,993	1,193	-70	174,566	163,627	-6
Total turnover	705,697	758,935	8	422,710	563,911	33	47,258	80,705	71	17,772	22,420	26	1,193,437	1,425,970	19

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)

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
April 2013
 Billions of U.S. dollars (and percent shares)

	Spot		Outright forwards		Foreign exchange swaps		Currency swaps		Options		Total	
Total Other Financial Institutions	30.3	(100.0)	94.5	(100.0)	85.9	(100.0)	1.0	(100.0)	6.7	(100.0)	218.4	(100.0)
Institutional investors	23.1	(76.0)	65.5	(69.4)	68.8	(80.1)	0.8	(82.3)	6.5	(96.9)	164.7	(75.4)
Hedge funds and proprietary trading firms	6.6	(21.9)	25.5	(27.0)	12.5	(14.6)	0.0	(0.0)	0.2	(2.8)	44.9	(20.5)
Official sector financial institutions	0.5	(1.7)	3.4	(3.6)	4.4	(5.2)	0.2	(16.3)	0.0	(0.3)	8.6	(3.9)
Other	0.1	(0.4)	0.0	(0.0)	0.1	(0.1)	0.0	(1.5)	0.0	(0.0)	0.2	(0.1)

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

Currency	October 2007	April 2008	October 2008	April 2009	October 2009	April 2010	October 2010	April 2011	October 2011	April 2012	October 2012	April 2013
U.S. dollar	95.4	95.4	93.7	94.2	95.0	94.1	95.6	91.8	93.7	93.4	94.7	92.8
Canadian dollar	72.0	71.2	67.0	71.1	72.1	68.9	65.1	68.3	66.1	70.1	62.3	58.9
Euro	9.8	10.8	11.8	12.6	11.2	10.8	10.6	11.7	11.4	10.6	12.7	15.4
U.K. pound	6.1	5.0	5.0	4.8	5.6	3.6	5.2	4.0	6.5	5.0	7.4	6.4
Japanese yen	4.3	4.3	5.4	3.7	2.8	3.7	3.1	3.1	3.7	3.1	4.3	4.8
Australian dollar	2.6	2.8	2.0	1.8	2.2	2.3	3.1	2.5	3.8	2.6	3.0	2.6
Swiss franc	1.5	1.6	1.1	0.7	0.9	1.0	1.3	1.1	1.2	1.6	1.0	1.7
Mexican peso ²	--	--	--	--	--	--	--	--	--	--	--	3.5
Chinese yuan ²	--	--	--	--	--	--	--	--	--	--	--	0.1
Other currencies	8.4	9.0	14.0	11.1	10.2	15.7	15.9	17.6	13.5	13.5	14.6	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	October-09		April-10		October-10		April-11		October-11		April-12		October-12		April-13	
	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share
Outright forwards																
Up to 1 month	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	155,868	66.6
1 month to 1 year	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	75,386	32.2
More than 1 year	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	2,789	1.2
Total	101,130	100.0	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
Foreign exchange swaps																
Up to 1 month	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	653,250	77.3
1 month to 1 year	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	182,342	21.6
More than 1 year	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	9,468	1.1
Total	821,877	100.0	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
OTC options																
Up to 1 month	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	17,508	33.4
1 month to 6 months	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	29,667	56.7
Over 6 months	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	5,185	9.9
Total	39,502	100.0	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

¹ Not adjusted for local double-counting.

Table 7: Execution methods¹
 percent shares
 April 2013

Classification	Voice		Electronic					TOTAL
	Direct ²	Indirect ³	Direct ²		Indirect ³			
			Single-bank Proprietary trading systems	Other	Reuters Matching/ EBS	Other electronic communication networks	Other	
SPOT								
With reporting dealers	52	6	6	2	35	0	0	100
With other dealers	36	16	6	12	25	7	0	100
With other financial institutions	60	0	7	14	3	16	0	100
With non-financial customers	70	3	8	18	1	1	0	100
Total Spot	43	12	6	11	22	6	0	100
OUTRIGHT FORWARDS								
With reporting dealers	37	6	1	0	56	0	0	100
With other dealers	71	12	2	3	6	5	0	100
With other financial institutions	45	0	22	1	0	32	0	100
With non-financial customers	80	1	5	10	0	4	0	100
Total Outright forwards	59	6	10	2	7	16	0	100
FOREIGN EXCHANGE SWAPS								
With reporting dealers	54	17	3	1	24	0	0	100
With other dealers	20	14	27	8	28	3	0	100
With other financial institutions	63	1	5	6	1	23	0	100
With non-financial customers	91	0	0	6	0	2	0	100
Total Foreign exchange swaps	38	11	18	7	21	4	0	100
CURRENCY SWAPS								
With reporting dealers	42	54	1	2	1	0	0	100
With other dealers	31	65	1	3	0	0	0	100
With other financial institutions	81	16	1	0	2	0	0	100
With non-financial customers	96	1	0	2	0	0	0	100
Total Currency swaps	50	46	1	2	1	0	0	100
OTC OPTIONS								
With reporting dealers	65	5	21	1	7	1	0	100
With other dealers	36	11	47	2	3	0	0	100
With other financial institutions	43	2	5	0	5	45	0	100
With non-financial customers	76	18	3	1	2	0	0	100
Total OTC options	46	10	33	2	3	6	0	100
TOTAL FX CONTRACTS	43	11	14	7	18	6	0	100

¹ Not adjusted for local double-counting.

² Direct means not intermediated by a third party.

³ Indirect means intermediated by a third party.