

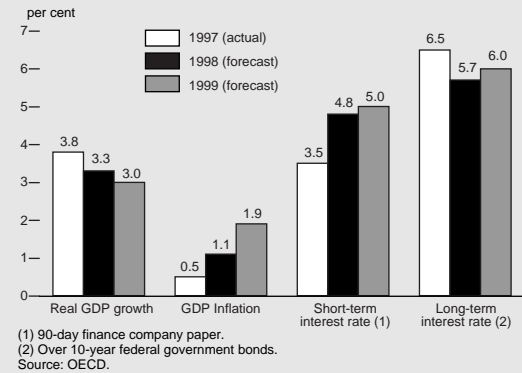
# Government of Canada Securities

A Publication of the Department of Finance

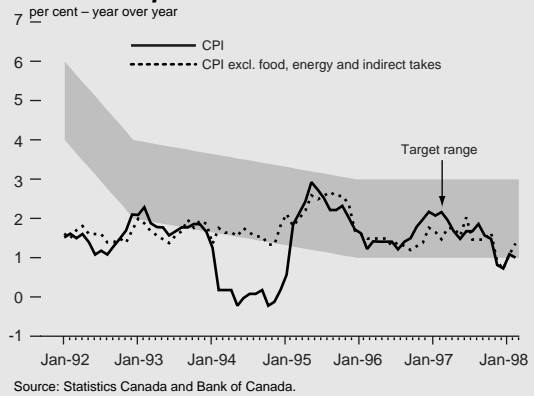
April 1998

## Canadian Economy

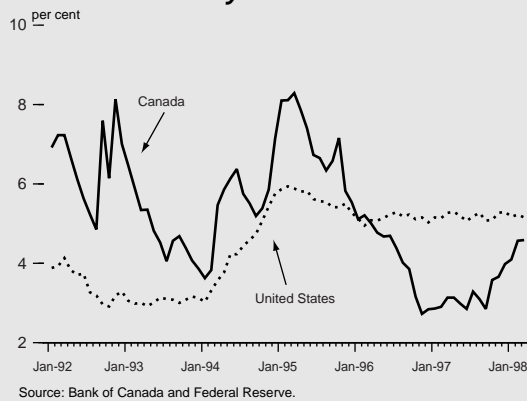
### OECD economic forecast for Canada (April 1998 / preliminary)



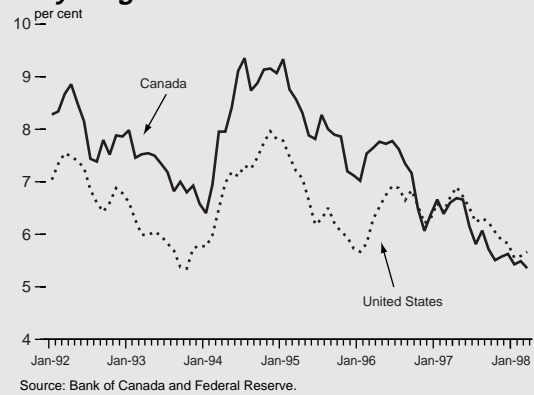
### Consumer price index



### 3-month Treasury bill rates



### 10-year government bond rates



### Upcoming economic data releases of interest

| May                                  | June                                  | July                                  |
|--------------------------------------|---------------------------------------|---------------------------------------|
| April Labour Force Survey<br>(May 8) | 1998 Q1 National Accounts<br>(June 1) | June Labour Force Survey<br>(July 10) |
| April CPI<br>(May 14)                | May Labour Force Survey<br>(June 5)   | June CPI<br>(July 16)                 |
|                                      | May CPI<br>(June 19)                  |                                       |

# Government of Canada Securities

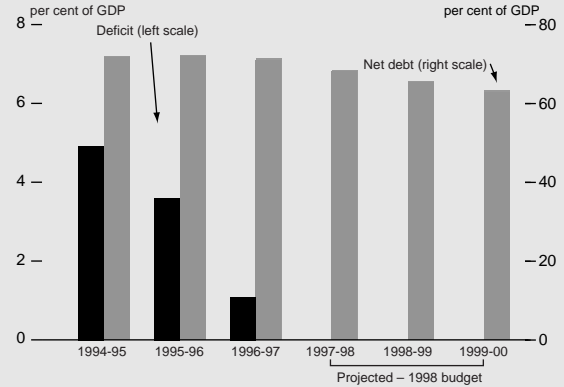
## Canadian Economy

### Selected Canadian economic statistics

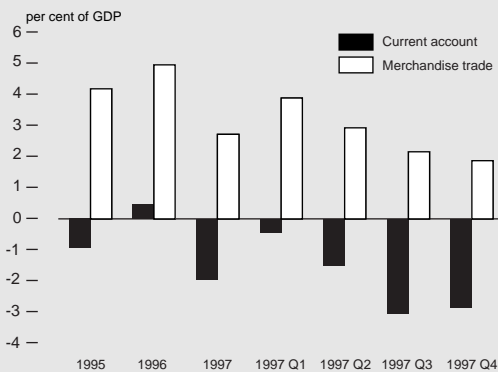
|  | 1996 | 1997 | 1997 |      |      |      |
|--|------|------|------|------|------|------|
|  |      |      | Q1   | Q2   | Q3   | Q4   |
| <b>Annualized growth rates</b>                       |      |      |      |      |      |      |
| Real gross domestic product                          | 1.2  | 3.8  | 4.7  | 5.2  | 3.9  | 3.0  |
| GDP excluding inventories                            | 2.1  | 3.1  | 7.8  | 1.9  | 3.4  | 3.2  |
| Final domestic demand                                | 2.0  | 4.4  | 3.9  | 3.8  | 6.0  | 1.4  |
| Employment   | 1.3  | 1.9  | 1.3  | 3.5  | 3.3  | 1.8  |
| <b>Other</b>   |      |      |      |      |      |      |
| Unemployment rate                                    | 9.7  | 9.2  | 9.6  | 9.4  | 9.0  | 8.9  |
| Current account balance<br>(per cent of nominal GDP) | 0.4  | -2.0 | -0.4 | -1.5 | -3.1 | -2.9 |

Source: Statistics Canada.

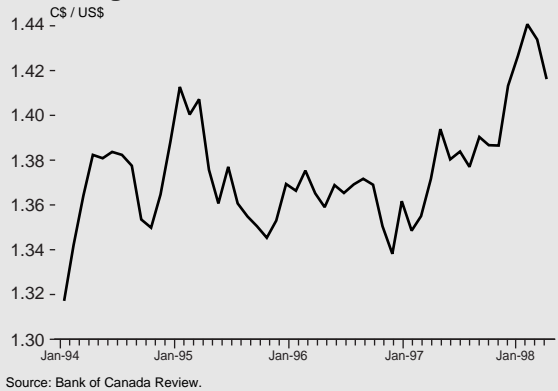
### Government of Canada net debt and deficit



### Canada's current account balance and merchandise trade balance



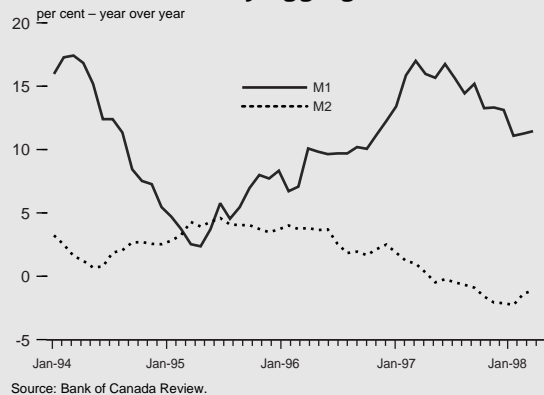
### Exchange rate



### Monetary conditions index



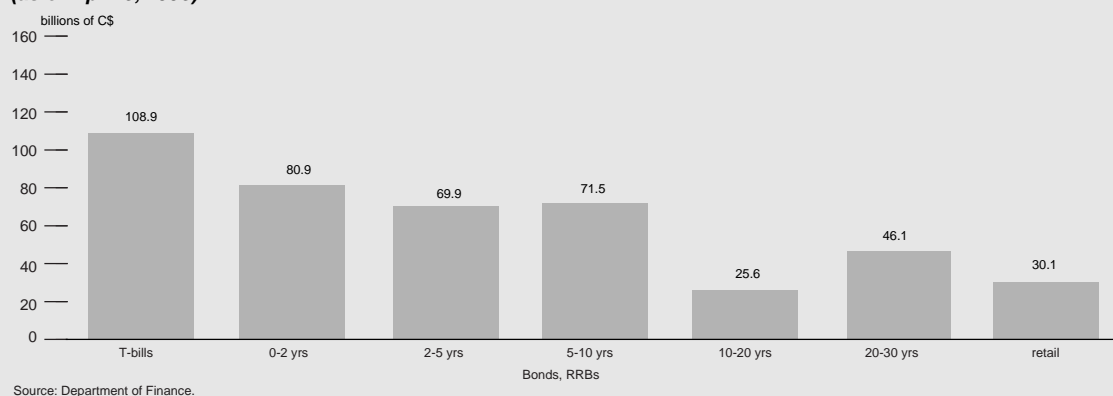
### Canadian monetary aggregates



# Government of Canada Securities

## Primary Market

### Outstanding Government of Canada Treasury bills, bonds (by term maturity) and retail debt (as of April 8, 1998)



### Recent Government of Canada bond auction results

| Auction date | Term    | Maturity date | Coupon rate | Issue amount          | Average price | Average yield | Auction coverage | Tail           |
|--------------|---------|---------------|-------------|-----------------------|---------------|---------------|------------------|----------------|
|              | (years) |               | (%)         | (millions of dollars) |               | (%)           |                  | (basis points) |
| Jan 28/98    | 30      | Jun 1/29      | 5.75        | 1,200                 | 99.81         | 5.76          | 2.30             | 2.6            |
| Feb 11/98    | 10      | Jun 1/08      | 6.00        | 2,300                 | 103.93        | 5.49          | 2.21             | 0.9            |
| Feb 18/98    | 5       | Sep 1/03      | 5.25        | 2,400                 | 99.9          | 5.27          | 2.50             | 0.4            |
| Mar 4/98     | 30      | Dec 1/26      | 4.25*       | 400                   | 100.82        | 4.20          | 1.97             | n.a.           |
| Mar 11/98    | 2       | Mar 15/00     | 5.00        | 3,500                 | 100.06        | 4.97          | 2.45             | 0.4            |

Coverage is defined as the ratio of total bids at auction to the amount auctioned.

Tail is defined as the high accepted yield minus the average yield.

\*Real Return Bonds.

Source: Department of Finance.

### Forthcoming Government of Canada bond auctions

| Type of issue   | Auction date (1998) | Further details of issue (1998) | Dated and delivered (1998) | Amount maturing       |
|-----------------|---------------------|---------------------------------|----------------------------|-----------------------|
|                 |                     |                                 |                            | (millions of dollars) |
| 30-year auction | April 22            | April 16                        | May 1                      | --                    |
| 10-year auction | May 6               | April 30                        | May 15                     | --                    |
| 5-year auction  | May 27              | May 21                          | June 1                     | --                    |
| RRB auction*    | June 3              | May 28                          | June 8                     | --                    |
| 2-year auction  | June 10             | June 4                          | June 15                    | --                    |

\*Single-price auction format.

# Government of Canada Securities

## Primary Market

### Government of Canada bond market benchmarks (April 8, 1998)

| Term                | Maturity  | Coupon | Amount outstanding    | Yield Apr. 08/98 |
|---------------------|-----------|--------|-----------------------|------------------|
|                     |           | (%)    | (millions of dollars) | (%)              |
| <b>Fixed coupon</b> |           |        |                       |                  |
| 2-year              | Mar 15/00 | 5.00   | 7,000                 | 4.82             |
| 5-year              | Sep 1/02  | 5.50   | 10,200                | 5.04             |
| 10-year             | Jun 1/08  | 6.00   | 6,900                 | 5.25             |
| 30-year             | Jun 1/27  | 8.00   | 9,600                 | 5.59             |
| <b>Real return</b>  |           |        |                       |                  |
| 30-year             | Dec1/26   | 4.25   | 4,050                 | 3.95             |

The normal bid-ask spread on these bonds is 5 cents.

Source: Department of Finance.

### Average term to maturity of Government of Canada marketable debt



### Forthcoming Government of Canada marketable bond maturities

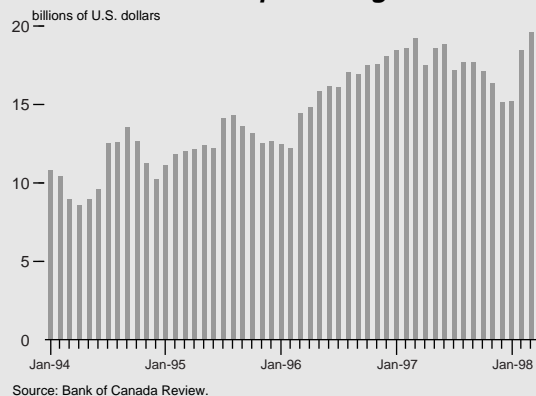
| April-June 1998       | July-September 1998 | October-December 1998 | January-March 1999 | April-June 1999 |
|-----------------------|---------------------|-----------------------|--------------------|-----------------|
| (millions of dollars) |                     |                       |                    |                 |
| 0                     | 12,800              | 10,475                | 12,700             | 0               |

### Outstanding Government of Canada / Foreign-currency debt (as of March 31, 1998)

|   | (millions) |
|---|------------|
| Canada Bills  | US\$6,590  |
| Canada Notes  | US\$1,173  |
| Outstanding under EMTN program  | US\$1,064  |
| Floating rate note maturing February 1999 (paying LIBOR less 25 basis points) | US\$2,000  |
| 6 1/2% US\$ bonds maturing May 30, 2000                                       | US\$1,500  |
| 6 1/2% US\$ bonds maturing May 30, 2001                                       | US\$1,000  |
| 6 1/8% US\$ bonds maturing July 15, 2002                                      | US\$1,000  |
| 5 5/8% US\$ bonds maturing February 19, 2003                                  | US\$2,000  |
| 6 3/8% US\$ bonds maturing July 21, 2005                                      | US\$1,500  |
| 6 3/4% US\$ bonds maturing August 28, 2006                                    | US\$1,000  |
| 6 5/8% NZ\$ bonds maturing October 3, 2007                                    | US\$319    |

Source: Department of Finance.

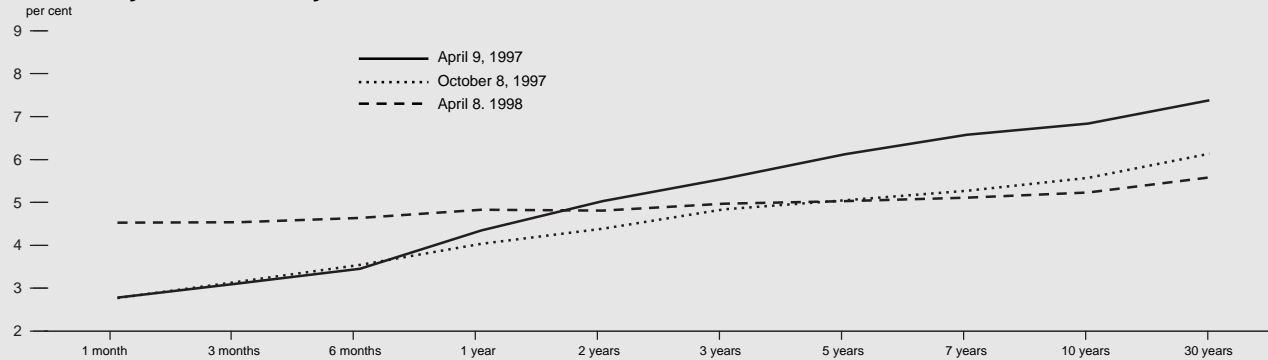
### Canada's level of liquid foreign reserves



# Government of Canada Securities

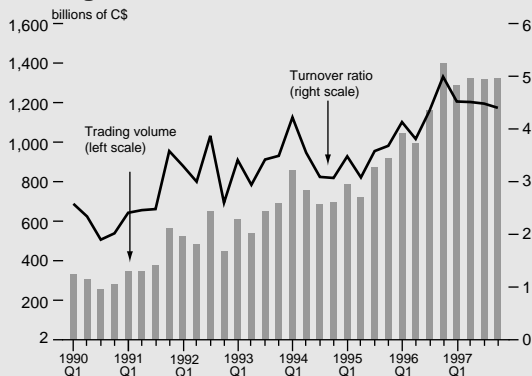
## Secondary Market

### Canadian yield-to-maturity curve



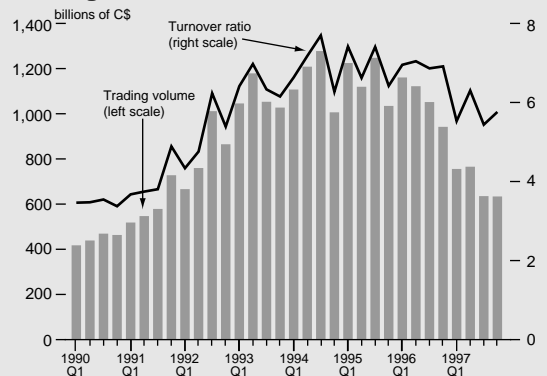
Source: Bank of Canada Review.

### Government of Canada bonds trading volume and turnover ratio



Trading volume is total trading volume in each quarter.  
 Turnover ratio = total trading volume in each quarter/stock.  
 Source: Bank of Canada.

### Government of Canada Treasury bills trading volume and turnover ratio



Trading volume is total trading volume in each quarter.  
 Turnover ratio = total trading volume in each quarter/stock.  
 Source: Bank of Canada.

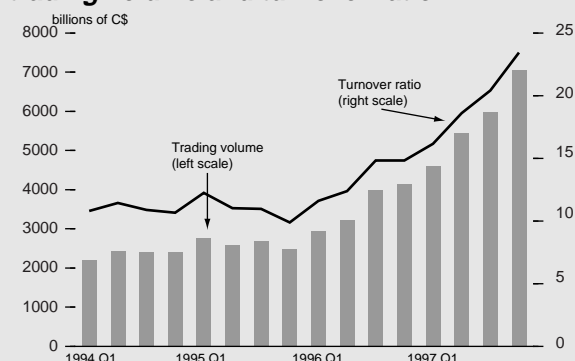
### Primary Distributors

- Bank of America Canada
- Bank of Montreal (treasury bills only)
- Beacon Securities Limited
- BLC Securities Inc.
- La Caisse centrale Desjardins
- Canadian Imperial Bank of Commerce (treasury bills only)
- Casgrain & Company Limited
- CIBC Wood Gundy Securities Inc. (marketable bonds only)
- CTI Capital Inc.
- Deutsche Morgan Grenfell Limited
- Golden Capital Securities Limited
- Goldman Sachs Canada
- Hongkong Bank of Canada
- Lévesque Beaubien Geoffrion Inc.
- Merrill Lynch Canada Inc.
- Midland Walwyn Capital Inc.
- J.P. Morgan Securities Canada Inc.
- Morgan Stanley Canada Limited
- Nesbitt Burns Inc. (marketable bonds only)
- Odlum Brown Limited
- C.M. Oliver & Company Limited
- RBC Dominion Securities Inc.
- Salomon Smith Barney Canada Inc.
- ScotiaMcLeod Inc.
- Société Générale Valeurs Mobilières Inc.
- Tassé & Associates, Limited
- The Toronto-Dominion Bank
- Whalen, Béliveau & Associates Inc.

# Government of Canada Securities

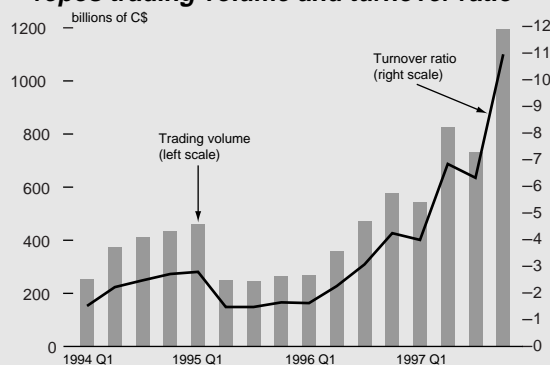
## Secondary Market

### Government of Canada bond repos trading volume and turnover ratio



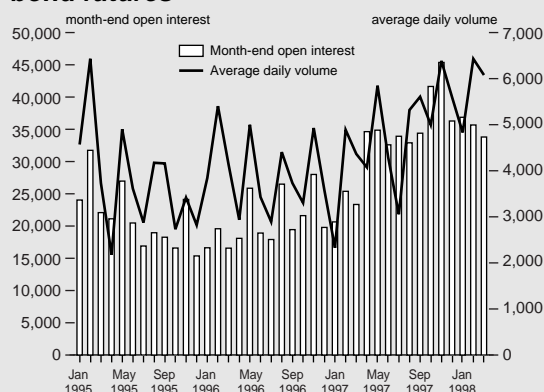
Trading volume is total trading volume in each quarter.  
Turnover ratio = total trading volume in each quarter/stock.  
Source: Bank of Canada.

### Government of Canada Treasury bill repos trading volume and turnover ratio



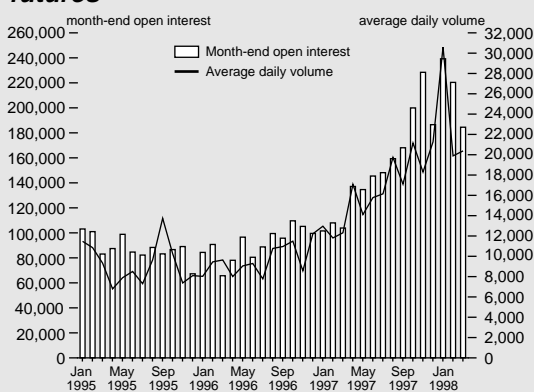
Trading volume is total trading volume in each quarter.  
Turnover ratio = total trading volume in each quarter/stock.  
Source: Bank of Canada.

### 10-year Government of Canada bond futures



Source: The Montreal Exchange.

### 3-month bankers acceptance futures



Source: The Montreal Exchange.

### Government of Canada long-term credit ratings (as of April 15, 1998)

|                      | Standard and Poor's<br>Current | Moody's Investor Service<br>Current | Canadian Bond Rating Service<br>Current | Dominion Bond Rating Service<br>Current |
|----------------------|--------------------------------|-------------------------------------|---|---|
| <b>Domestic Debt</b> | <b>AAA</b>                     | <b>Aa1</b>                          | <b>AA+</b>                              | <b>AAA</b>                              |
| - Trend              | Stable                         | -                                   | Stable                                  | Stable                                  |
| <b>Foreign Debt</b>  | <b>AA+</b>                     | <b>Aa2</b>                          | <b>AA+</b>                              | <b>AA(high)</b>                         |
| - Trend              | Stable                         | -                                   | Stable                                  | Stable                                  |

This publication is also available on the Internet at <http://www.fin.gc.ca/>

Except as noted, the information in **Government of Canada Securities** is based upon data available as of March 31, 1998.

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*Cet imprimé est également disponible en français.*

