

# Government of Canada Securities

A Publication of the Department of Finance

October 2006

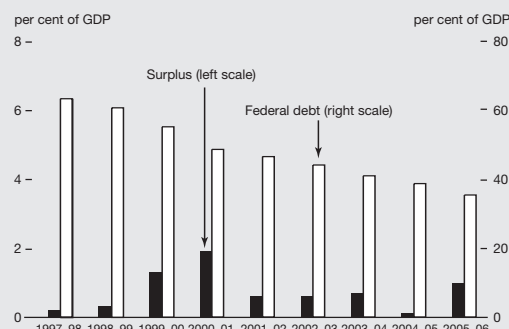
## Canadian Economy

### Selected Canadian economic statistics

	2005				2006	
	Q1	Q2	Q3	Q4	Q1	Q2
<b>Annualized growth rates</b>	(per cent)					
Real gross domestic product	2.1	3.4	3.5	2.6	3.6	2.0
Final domestic demand	5.7	3.9	4.1	4.7	5.0	4.0
Employment growth	0.6	1.7	1.5	2.4	1.6	3.1
<b>Other</b>						
Unemployment rate	7.0	6.8	6.8	6.5	6.4	6.5
Current account balance (percentage of GDP)	1.0	1.4	2.7	3.8	2.3	1.2

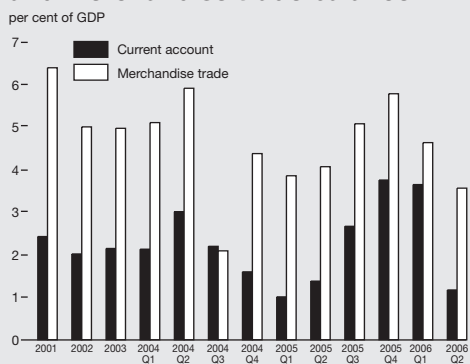
Source: Statistics Canada.

### Government of Canada federal debt (accumulated deficit) and budgetary balance



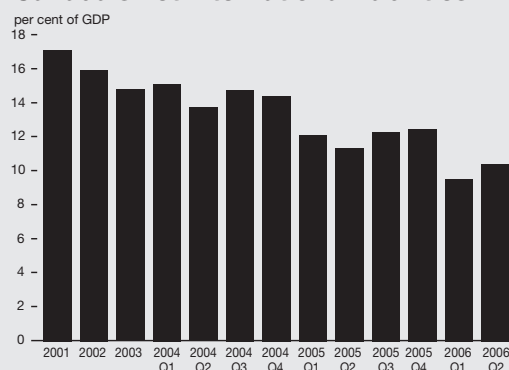
Source: Department of Finance.

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



Source: Statistics Canada.

### Canada's net international liabilities



Source: Statistics Canada.

### Upcoming economic data releases of interest

#### November

October Labour Force Survey  
(November 3)

October CPI  
(November 22)

September GDP  
(November 30)

National and Economic Accounts  
July-September 2006  
(November 30)

#### December

November Labour Force Survey  
(December 1)

November CPI  
(December 19)

October GDP  
(December 21)

#### January

December CPI  
(January 23)

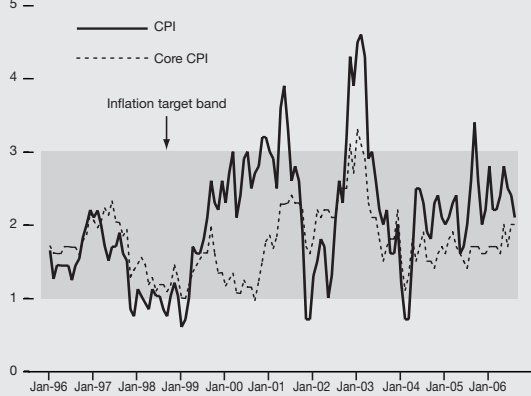
November GDP  
(January 31)

# Government of Canada Securities

## Canadian Economy

### Consumer Price Index

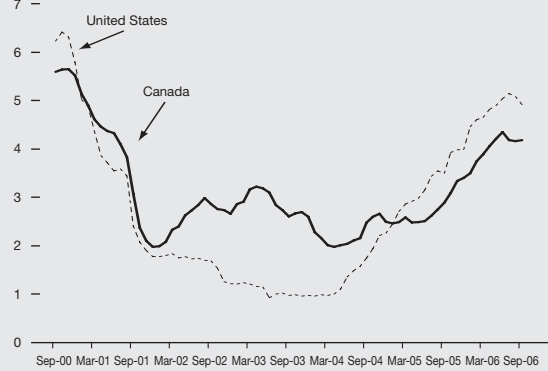
per cent – year over year



Source: Statistics Canada.

### 3-month treasury bill rates

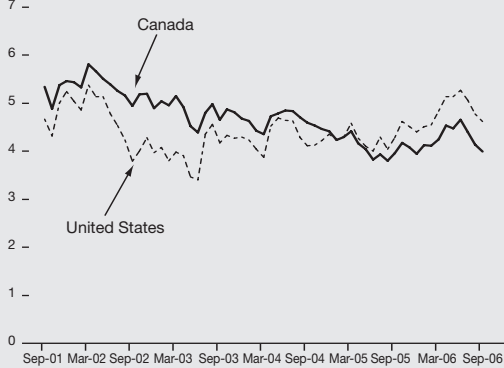
per cent



Sources: Bank of Canada and Federal Reserve.

### 10-year government bond rates

per cent



Sources: Bank of Canada and Federal Reserve.

### Exchange rate

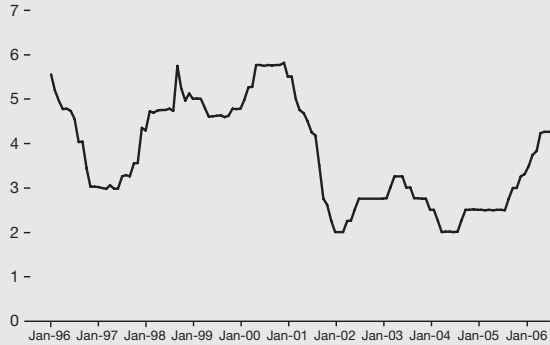
C\$/US\$



Source: Bank of Canada.

### Overnight money market rate

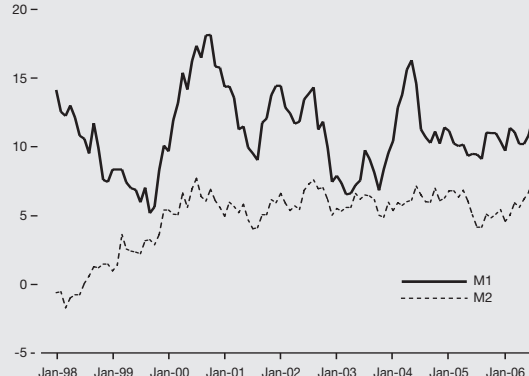
per cent



Source: Bank of Canada.

### Canadian monetary aggregates

per cent change – year over year (unadjusted)

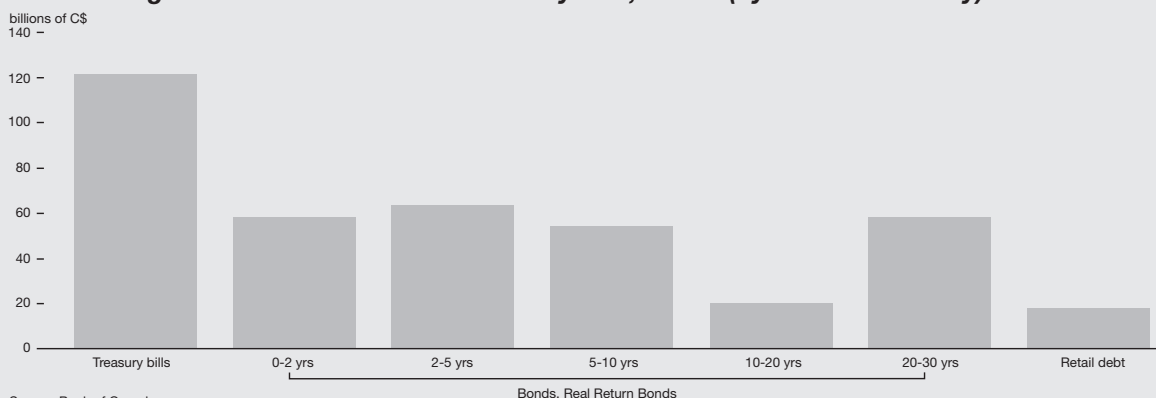


Source: Bank of Canada.

# Government of Canada Securities

## Primary Market

### Outstanding Government of Canada treasury bills, bonds (by term to maturity) and retail debt



### 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)
September 27, 2006	30	December 1, 2036	3*	300	130.911	1.688	3.298	n.a.
August 30, 2006	2	December 1, 2008	4.25	3,400	100.471	4.027	5.208	0.2
August 16, 2006	5	September 1, 2011	3.75	2,100	98.062	4.181	2.681	0.2
August 2, 2006	10	June 1, 2016	4	2,300	97.254	4.346	2.549	0.3
July 19, 2006	30	June 1, 2037	5	1,300	108.361	4.496	2.644	0.2

\* Real Return Bond.

\*\* 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.

Source: Bank of Canada.

### Government of Canada bond auctions

Type of issue	Auction date (2006)	Further details of issue (2006)	Dated and delivered (2006)	Amount maturing*
				(millions of dollars)
10-year	October 11	October 5	October 16	0
5-year	November 1	October 26	November 6	0
2-year	November 15	November 9	November 17	0
Real Return Bond	November 29	November 23	December 4	0

Note: In addition, this quarter seven operations are planned under the Government of Canada bond repurchase program. Three repurchase operations will be held in conjunction with each nominal bond auction, and four switch repurchase operations will take place: one on October 26 in the 30-year sector, one on November 22 in the 10-year sector, one on December 6 in the 5-year sector and one on December 14 in the 2-year sector. Further details will be released on the Thursday prior to these operations. The target amount for the repurchase this quarter is \$2.2 billion.

\*Maturity of \$8.9 billion on December 1, 2006.

Source: Bank of Canada.

# Government of Canada Securities

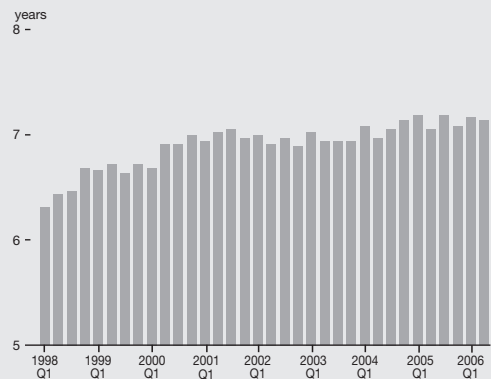
## Primary Market

### Government of Canada bond market benchmarks

Term	Maturity	Coupon	Amount outstanding	Yield (Sept. 29, 2006)
		(%)	(millions of dollars)	(%)
<b>Fixed-coupon</b>				
2-year	June 1, 2008	3.75	3,000	3.90
5-year	September 1, 2010	4.00	9,459	3.90
10-year	June 1, 2015	4.50	10,300	4.00
30-year	June 1, 2033	5.75	13,410	4.08
<b>Real return</b>				
30-year	December 1, 2036	3	5,000	1.67

Source: Department of Finance.

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



Source: Bank of Canada.

### Upcoming Government of Canada marketable bond maturities

October-December 2006	January-March 2007	April-June 2007	July-September 2007
(millions of dollars)			
8,926	193	11,782	9,725

### Outstanding Government of Canada foreign currency debt

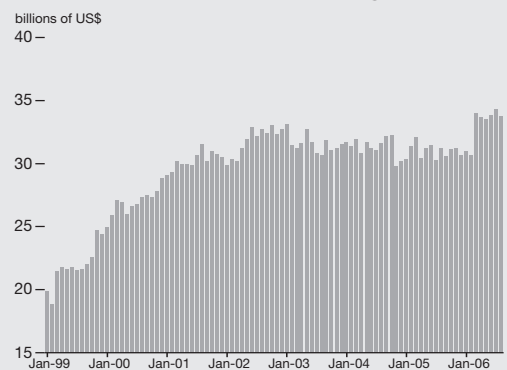
	(C\$ millions)*
Canada bills	1,968
Canada notes	473
Outstanding under EMTN program	1,501
6% NZ\$ bonds maturing October 3, 2007	365
4% EUR bonds maturing July 7, 2008**	2,898
5% US\$ bonds maturing November 5, 2008	2,794

\*At par value, adjusted for exchange rates as of September 29, 2006.

\*\*Original issue in Deutsche Marks was redenominated into euros on February 19, 1999.

Source: Bank of Canada.

### Canada's level of liquid foreign reserves

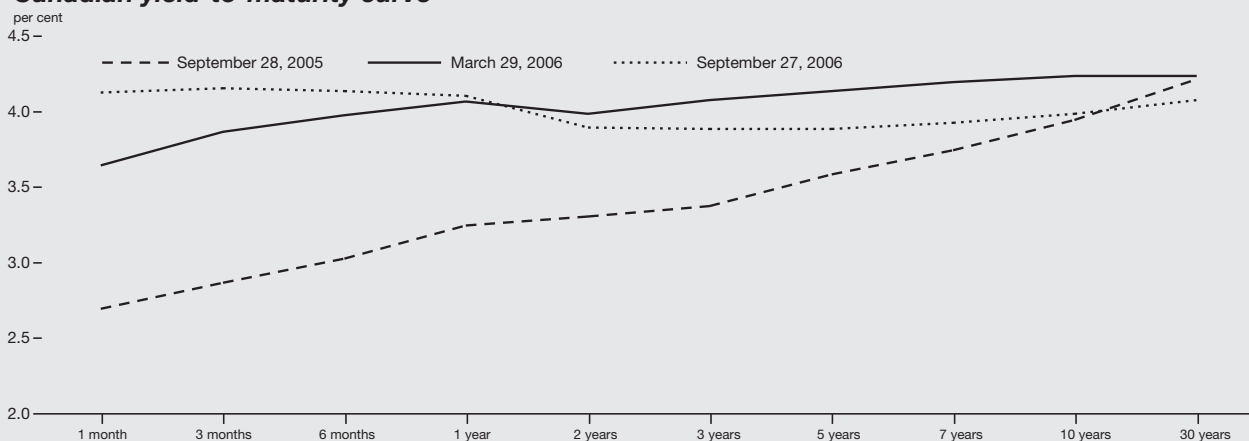


Source: Bank of Canada.

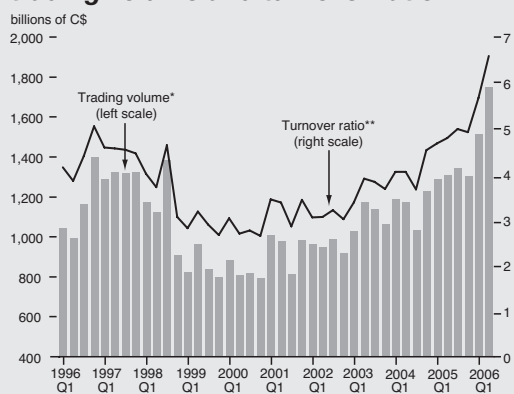
# Government of Canada Securities

## Secondary Market

### Canadian yield-to-maturity curve

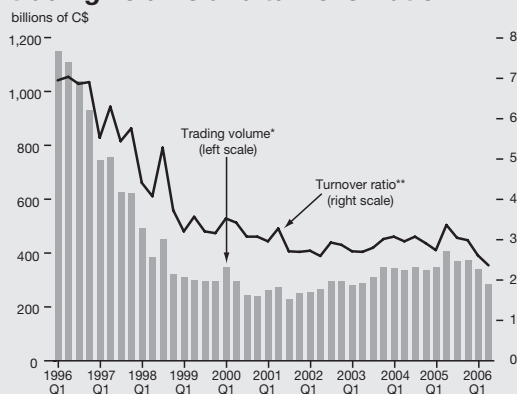


### Government of Canada bonds trading volume and turnover ratio



\*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.

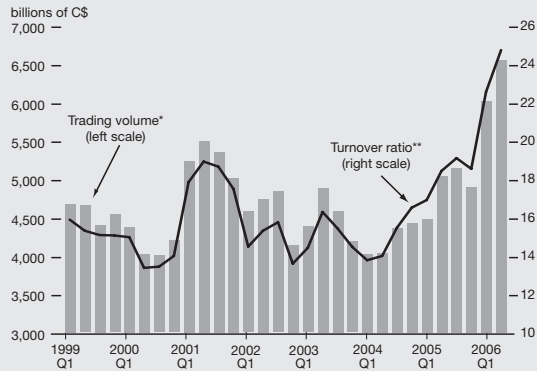
### Government securities distributors

- Bank of Montreal (treasury bills only)
- Beacon Securities Limited
- BMO Nesbitt Burns Inc. (marketable bonds only)
- Canaccord Capital Corp.
- Canadian Imperial Bank of Commerce (treasury bills only)
- Casgrain & Company Limited
- CIBC World Markets Inc. (marketable bonds only)
- CTI Capital Inc.
- Desjardins Securities
- Deutsche Bank Securities Limited
- Golden Capital Securities Limited
- HSBC Bank Canada (treasury bills only)
- HSBC Securities (Canada) Inc. (marketable bonds only)
- Laurentian Bank Securities Inc.
- Merrill Lynch Canada Inc.
- J.P. Morgan Securities Canada Inc.
- National Bank Financial Inc.
- Ocean Securities Inc.
- Odium Brown Limited
- RBC Dominion Securities Inc.
- Scotia Capital Inc.
- The Toronto-Dominion Bank

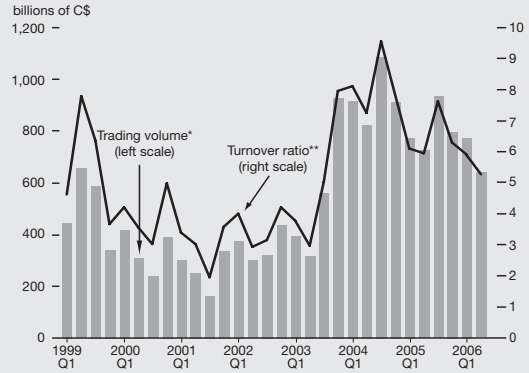
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## Secondary Market

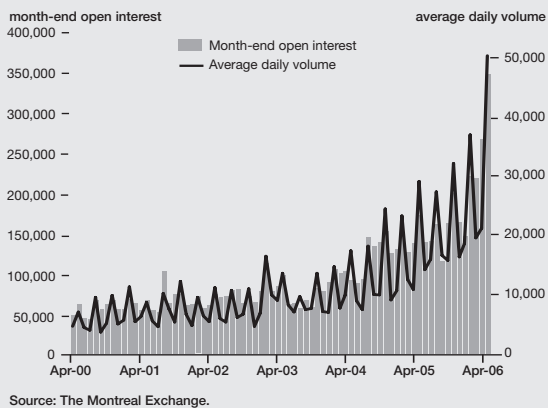
### Government of Canada bond repos trading volume and turnover ratio



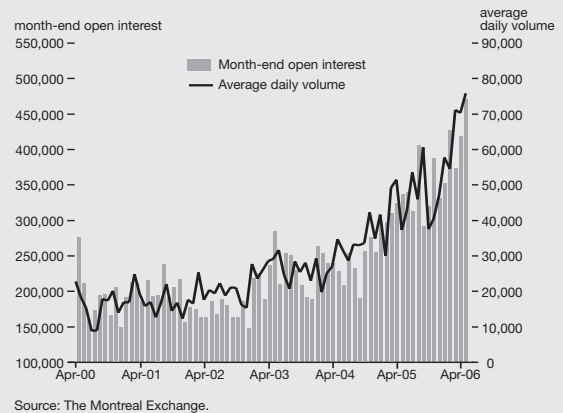
### Government of Canada treasury bill repos trading volume and turnover ratio



### 10-year Government of Canada bond futures



### 3-month bankers acceptance futures



### Government of Canada long-term credit ratings

	Standard & Poor's	Moody's Investors Service	Dominion Bond Rating Service
	Current	Current	Current
<b>Domestic debt</b>	<b>AAA</b>	<b>Aaa</b>	<b>AAA</b>
- Trend	Stable	Stable	Stable
<b>Foreign debt</b>	<b>AAA</b>	<b>Aaa</b>	<b>AAA</b>
- Trend	Stable	Stable	Stable

This publication is also available on the Internet at [www.fin.gc.ca](http://www.fin.gc.ca).  
 Except as noted, the information in *Government of Canada Securities* is based upon data available as of September 30, 2006.  
 For further information, contact Ian Blachford at 613-992-6386.  
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