

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

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## CFEC Releases Results of October 2011 Foreign Exchange Volume Survey

**February 6, 2012** - The Canadian Foreign Exchange Committee (CFEC) released today the results of its October 2011 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 2011 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 over US\$ 1 trillion. On an average daily basis, total turnover declined by 14.4% from US\$ 61.2 billion in April 2011 to US\$ 52.4 billion in October. This was the first decline in traditional foreign exchange turnover since April 2009.
- On an average daily basis in October, spot, outright forward and foreign exchange swap volumes decreased by approximately 8%, 11% and 18% respectively compared with the month of April 2011.
- Compared with the survey one year ago, the average daily turnover of traditional foreign exchange products declined by 9.3% from US\$ 57.8 billion in October 2010 to US\$ 52.4 billion in October 2011.
- The average daily turnover of foreign exchange derivatives (currency swaps and options) totaled US\$ 3.3 billion, down 15.4% from six months earlier. Currency swaps and options were lower by 17% and 13% respectively.

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/2011Oct\\_2011/index.html](http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2011Oct_2011/index.html)

**The Canadian Foreign Exchange Committee**  
**Semi-annual Foreign Exchange Volume Survey**  
October, 2011

**Summary Tables**



February 6, 2012

## **Table of Contents**

### **Summary turnover data for October, 2011**

Table 1	Traditional foreign exchange turnover in Canada - Summary of surveys
Table 2	Over-the-counter (OTC) derivatives market turnover in Canada - Summary of surveys
Table 3	Total reported foreign exchange turnover in Canada
Table 4	Reported traditional foreign exchange turnover in Canada by instrument and by counterparty - Summary of surveys
Table 5	Currency distribution of traditional foreign exchange market turnover in Canada - Summary of surveys
Table 6	Reported foreign exchange market turnover in Canada by maturity
Table 7	Execution methods

**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

**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

**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-11	Oct-11	Per cent growth	Apr-11	Oct-11	Per cent growth	Apr-11	Oct-11	Per cent growth	Apr-11	Oct-11	Per cent growth	Apr-11	Oct-11	Per cent growth
<b>Spot</b>	189,071	182,961	-3	117,511	111,160	-5	29,612	16,100	-46	10,896	8,838	-19	347,089	319,059	-8
Reporting dealers	32,216	33,196	3	6,804	10,489	54	2,136	2,239	5	200	335	68	41,355	46,259	12
Other dealers	112,023	105,895	-5	100,125	87,197	-13	12,441	5,579	-55	9,792	7,661	-22	234,381	206,332	-12
Other financial	20,348	22,112	9	6,767	8,587	27	13,064	3,559	-73	641	540	-16	40,820	34,798	-15
Non-financial	24,484	21,758	-11	3,815	4,887	28	1,971	4,723	140	263	302	15	30,533	31,670	4
<b>Outright forwards</b>	73,902	77,230	5	69,442	55,933	-19	27,721	19,620	-29	3,666	2,757	-25	174,730	155,539	-11
Reporting dealers	3,299	3,365	2	1,594	1,584	-1	120	406	238	18	0	-100	5,030	5,354	6
Other dealers	17,794	10,718	-40	42,365	29,612	-30	2,231	1,503	-33	1,036	738	-29	63,426	42,571	-33
Other financial	32,996	40,458	23	20,023	17,684	-12	23,198	15,987	-31	2,380	1,759	-26	78,597	75,888	-3
Non-financial	19,813	22,689	15	5,460	7,053	29	2,172	1,724	-21	232	260	12	27,677	31,726	15
<b>FX swaps</b>	488,122	380,721	-22	185,411	173,144	-7	27,088	16,116	-41	1,698	2,667	57	702,319	572,648	-18
Reporting dealers	76,109	53,947	-29	5,986	11,679	95	180	251	39	3	0	-100	82,278	65,877	-20
Other dealers	325,541	238,740	-27	151,584	117,574	-22	8,794	2,057	-77	1,081	1,150	6	487,000	359,521	-26
Other financial	48,835	53,790	10	17,183	24,280	41	15,905	10,405	-35	339	1,351	299	82,262	89,826	9
Non-financial	37,637	34,244	-9	10,658	19,611	84	2,209	3,403	54	275	166	-40	50,779	57,424	13
<b>Total dealers</b>	566,981	445,860	-21	308,458	258,134	-16	25,901	12,035	-54	12,130	9,884	-19	913,470	725,913	-21
Reporting	111,623	90,507	-19	14,384	23,751	65	2,435	2,896	19	221	335	52	128,663	117,489	-9
Other	455,358	355,353	-22	294,074	234,383	-20	23,466	9,139	-61	11,909	9,549	-20	784,807	608,424	-22
<b>Total customers</b>	184,113	195,051	6	63,906	82,102	28	58,519	39,801	-32	4,130	4,378	6	310,668	321,332	3
Financial	102,179	116,360	14	43,973	50,551	15	52,167	29,951	-43	3,360	3,650	9	201,679	200,512	-1
Non-financial	81,934	78,691	-4	19,933	31,551	58	6,352	9,850	55	770	728	-5	108,989	120,820	11
<b>Total turnover</b>	751,094	640,911	-15	372,364	340,236	-9	84,420	51,836	-39	16,260	14,262	-12	1,224,138	1,047,245	-14
<i>Currency swaps</i>	28,501	19,132	-33	4,273	6,491	52	203	510	151	0	1,251	-	32,976	27,383	-17
<i>OTC options</i>	18,996	19,636	3	23,269	16,868	-28	1,538	1,402	-9	280	441	58	44,083	38,347	-13

**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)

**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>
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
Canadian dollar	63.9	63.4	72.0	71.2	67.0	71.1	72.1	68.9	65.1	68.3	66.1
Euro	11.6	12.2	9.8	10.8	11.8	12.6	11.2	10.8	10.6	11.7	11.4
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
Japanese yen	5.3	5.8	4.3	4.3	5.4	3.7	2.8	3.7	3.1	3.1	3.7
Australian dollar	5.7	3.6	2.6	2.8	2.0	1.8	2.2	2.3	3.1	2.5	3.8
Swiss franc	1.7	2.9	1.5	1.6	1.1	0.7	0.9	1.0	1.3	1.1	1.2
Other currencies	9.9	10.1	8.4	9.0	14.0	11.1	10.2	15.7	15.9	17.6	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

(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-08		October-08		April-09		October-09		April-10		October-10		April-11		October-11	
	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share
<b>Outright forwards</b>																
Up to 1 month	45,817	40.6	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
1 month to 1 year	61,957	54.9	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
More than 1 year	4,991	4.4	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
<b>Total</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>179,759</b>	<b>100.0</b>	<b>160,896</b>	<b>100.0</b>
<b>Foreign exchange swaps</b>																
Up to 1 month	789,189	79.7	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
1 month to 1 year	192,035	19.4	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
More than 1 year	9,125	0.9	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
<b>Total</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>784,597</b>	<b>100.0</b>	<b>638,521</b>	<b>100.0</b>
<b>OTC options</b>																
Up to 1 month	18,561	41.3	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
1 month to 6 months	17,692	39.4	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
Over 6 months	8,664	19.3	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
<b>Total</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>	<b>45,110</b>	<b>100.0</b>	<b>40,177</b>	<b>100.0</b>

a. Not adjusted for local double counting.

**Table 7: Execution methods**  
**Percent shares**  
**October 2011**

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	27	27	22	17	4	4	100
Other	21	7	4	47	4	17	100
<b>U.S. Dollar against</b>							
EUR	21	36	17	17	4	4	100
JPY	28	34	14	14	2	8	100
GBP	13	43	11	13	3	17	100
<b>Total Currency Pairs</b>	27	28	19	18	3	6	100

<b>By Instrument:</b>							
Spot	36	34	10	14	3	2	100
Outright forwards	17	10	9	43	5	16	100
Foreign exchange swaps	23	29	26	14	3	5	100
Cross currency swaps	41	4	30	19	2	4	100
Options	30	41	8	7	3	9	100
<b>Total Instruments</b>	27	28	19	18	3	6	100

<b>By Counterparty:</b>							
With reporting dealers	53	22	25	0	1	0	100
With other dealers	31	44	24	0	1	1	100
With other financial institutions	0	2	7	52	13	26	100
With non-financial customers	0	3	1	84	5	7	100
<b>Total Counterparties</b>	27	28	19	18	3	6	100