



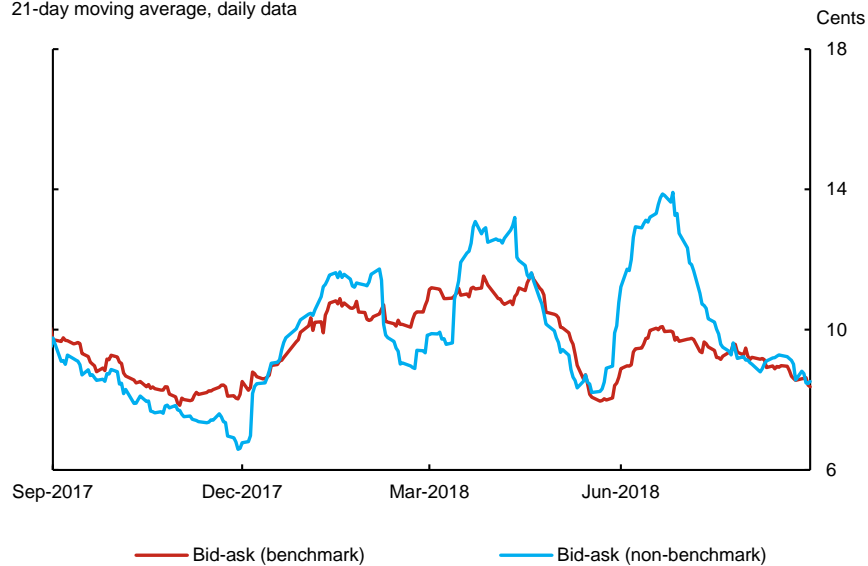
Recent Developments in Canadian Fixed-Income Market Liquidity

October 2, 2018

Price-based metrics indicate that liquidity has been relatively unchanged in benchmark GOC bonds since the last year

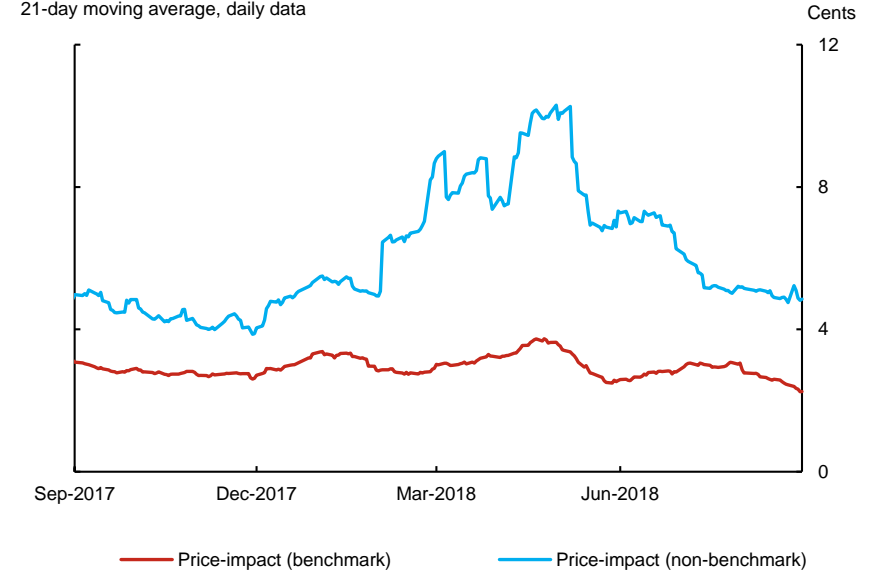
Bid-ask proxy

21-day moving average, daily data



Price-impact proxy

21-day moving average, daily data



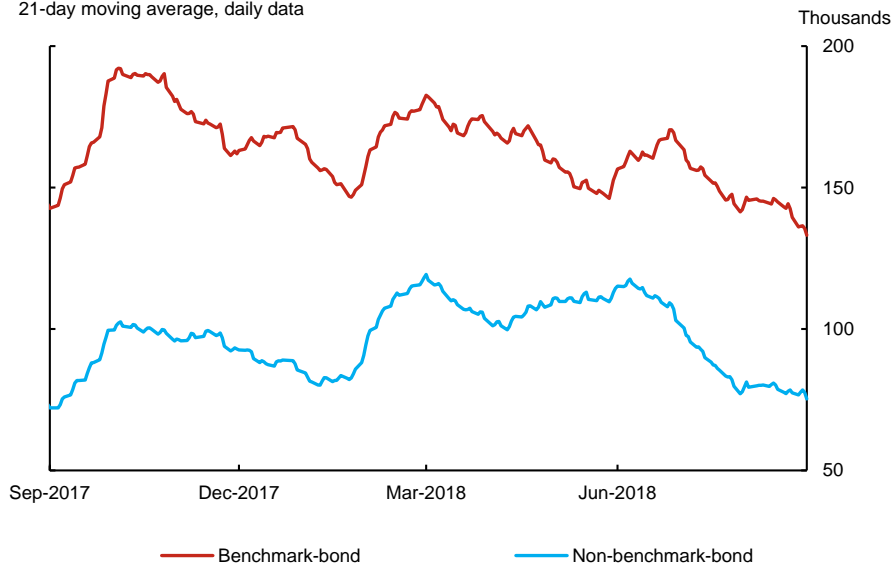
Sources: Canadian Depository for Securities and Bank of Canada calculations

Last observation: August 31, 2018

Average trade size has increased for both benchmark and non-benchmark government bonds

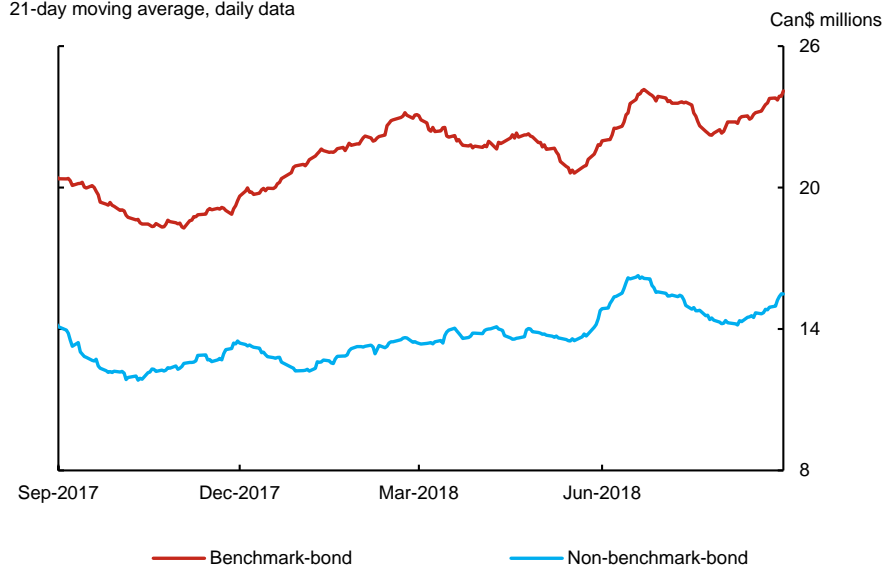
Number of trades

21-day moving average, daily data



Trade size

21-day moving average, daily data

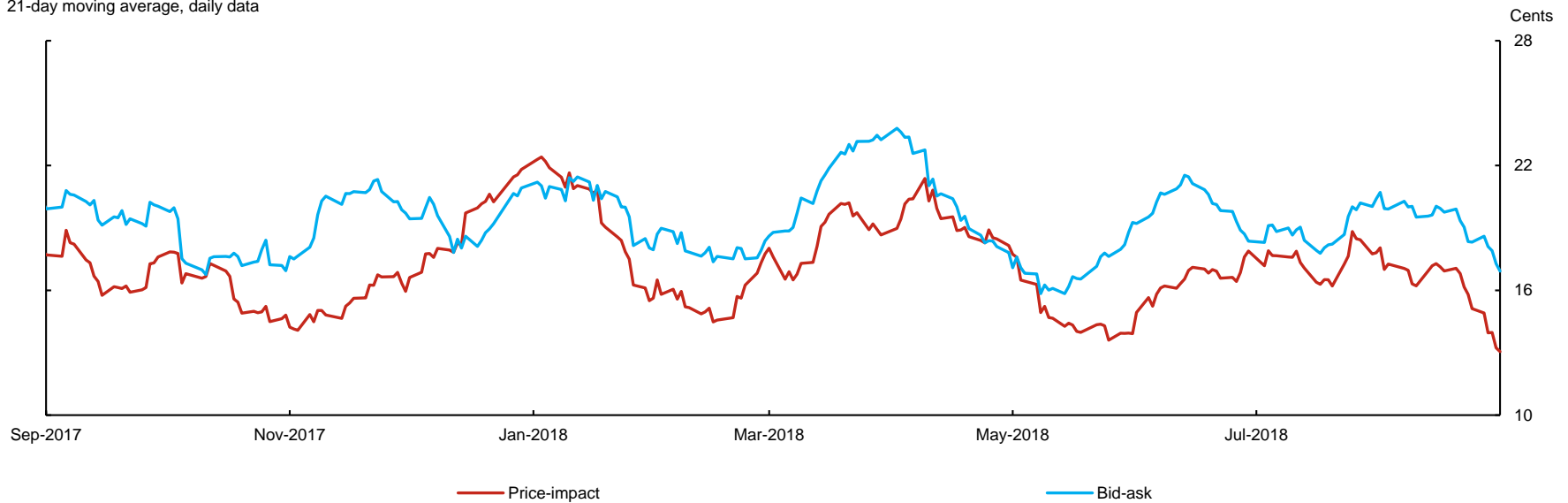


Sources: Canadian Depository for Securities and Bank of Canada calculations

Last observation: August 31, 2018

Price-based metrics suggest aggregate liquidity in the provincial bond market has been stable over the last year

Price-impact and bid-ask proxy
21-day moving average, daily data

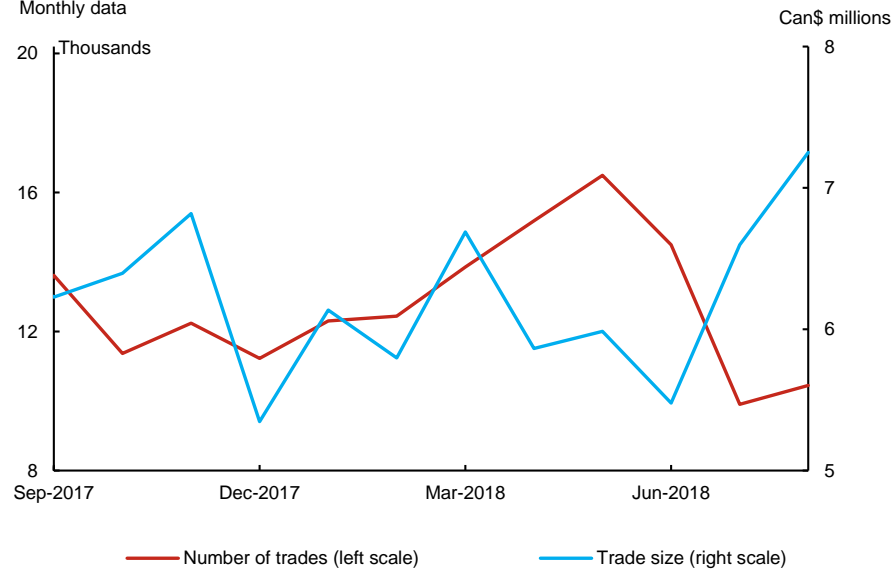


Sources: Canadian Depository for Securities and Bank of Canada calculations

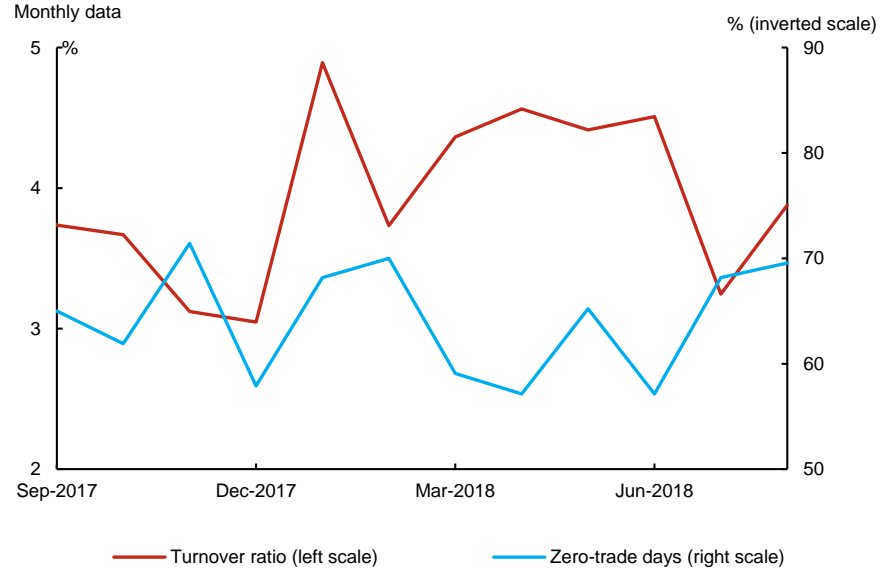
Last observation: August 31, 2018

...and so has trading activity in the provincial bond market

Number of trades and Trade size
Monthly data



Turnover ratio and Zero-trade days
Monthly data



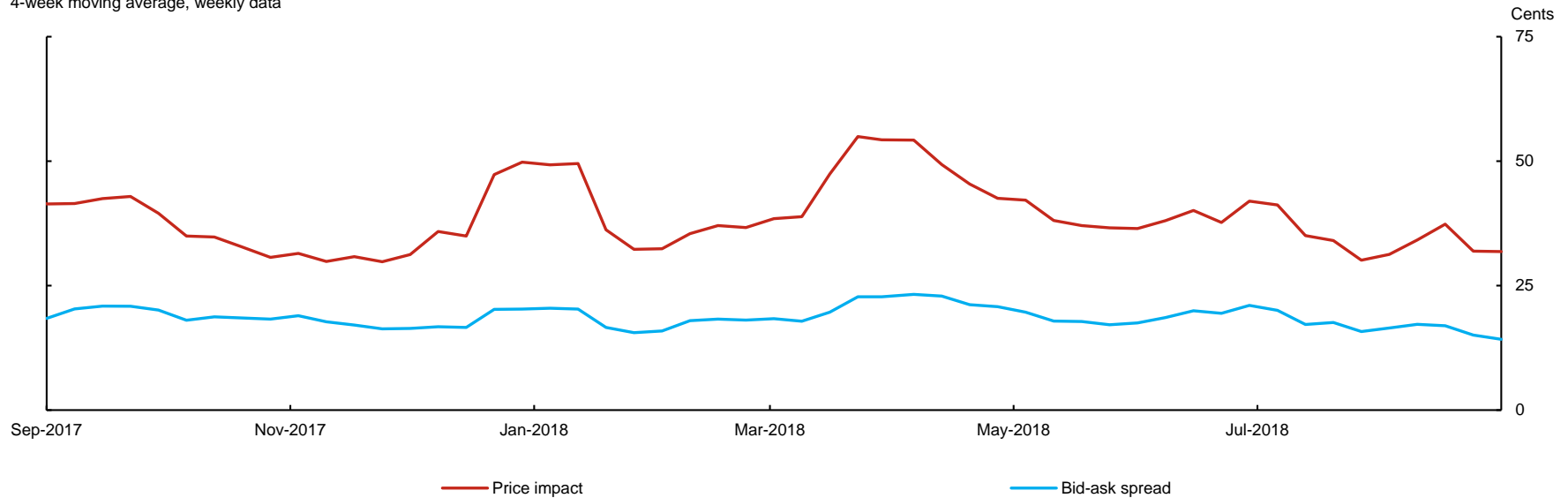
Sources: Canadian Depository for Securities and Bank of Canada calculations

Last observation: August 2018

Price-based metrics indicate that corporate bond market liquidity has changed little since September 2017

Price impact and bid-ask proxy

4-week moving average, weekly data

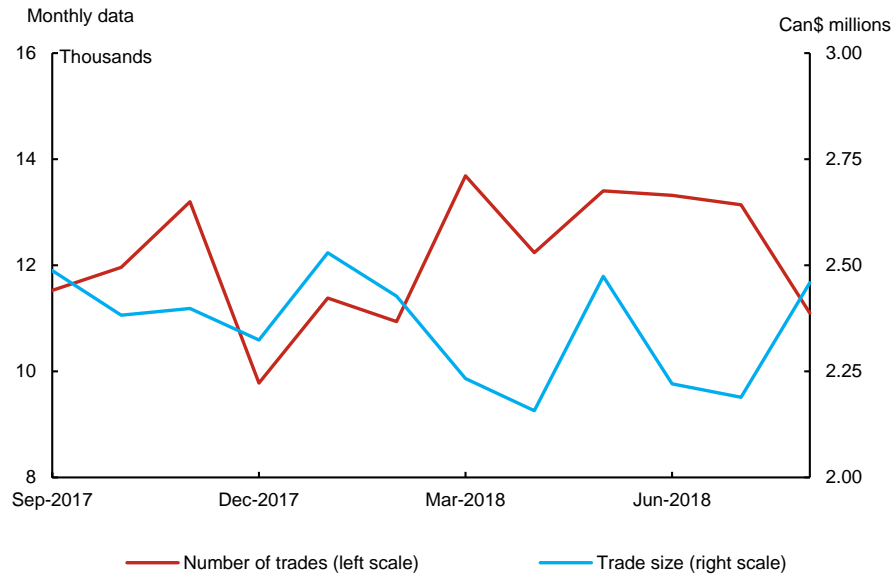


Sources: Canadian Depository for Securities and Bank of Canada calculations

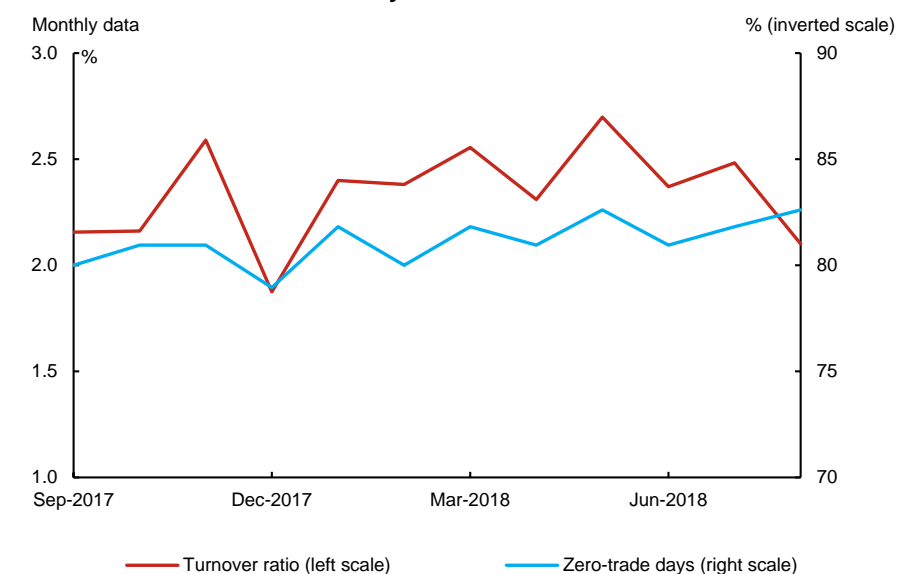
Last observation: August 31, 2018

...and trading activity in the corporate bond market gives a similar picture

Number of trades and Trade size



Turnover ratio and Zero-trade days



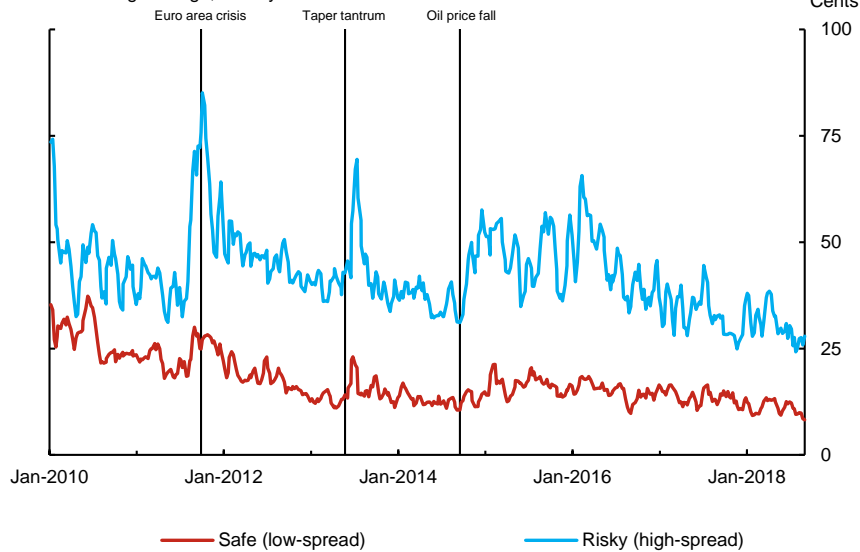
Sources: Canadian Depository for Securities, Thomson Reuters and Bank of Canada calculations

Last observation: August 2018

Metrics show increased liquidity since 2010 for high credit quality corporate bonds, trend less clear for lower quality bonds

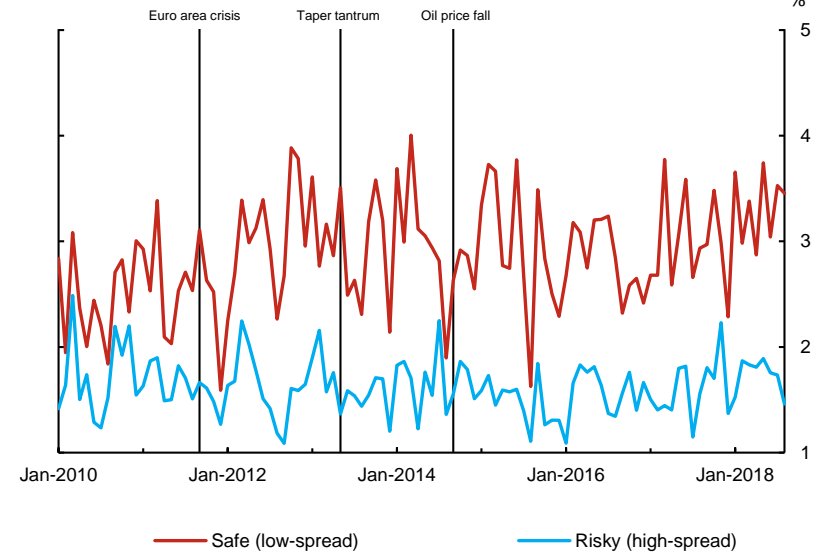
Bid-ask proxy (since 2010)

4-week moving average, weekly data



Turnover ratio (since 2010)

Monthly data



Sources: Canadian Depository for Securities and Bank of Canada calculations

Last observation: August 31, 2018