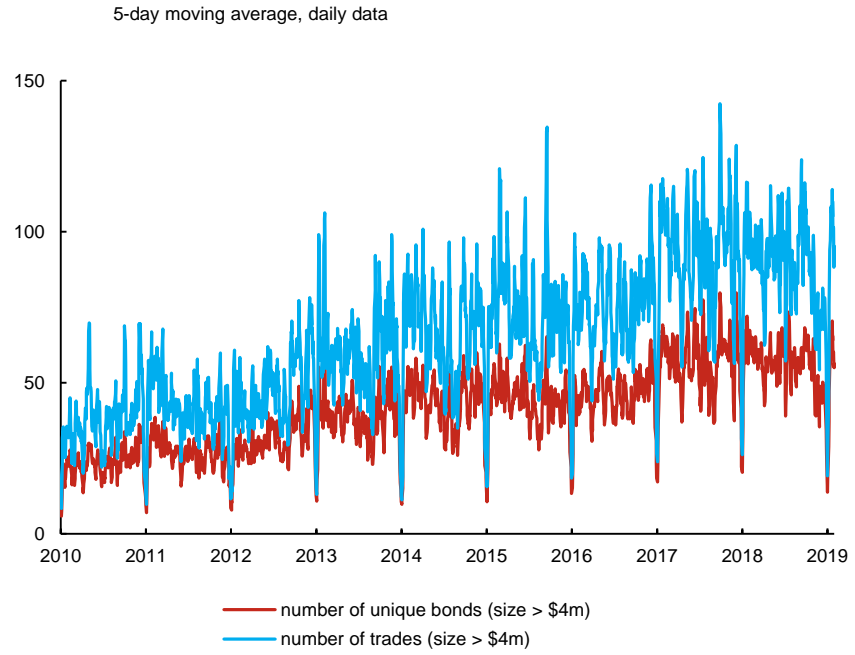
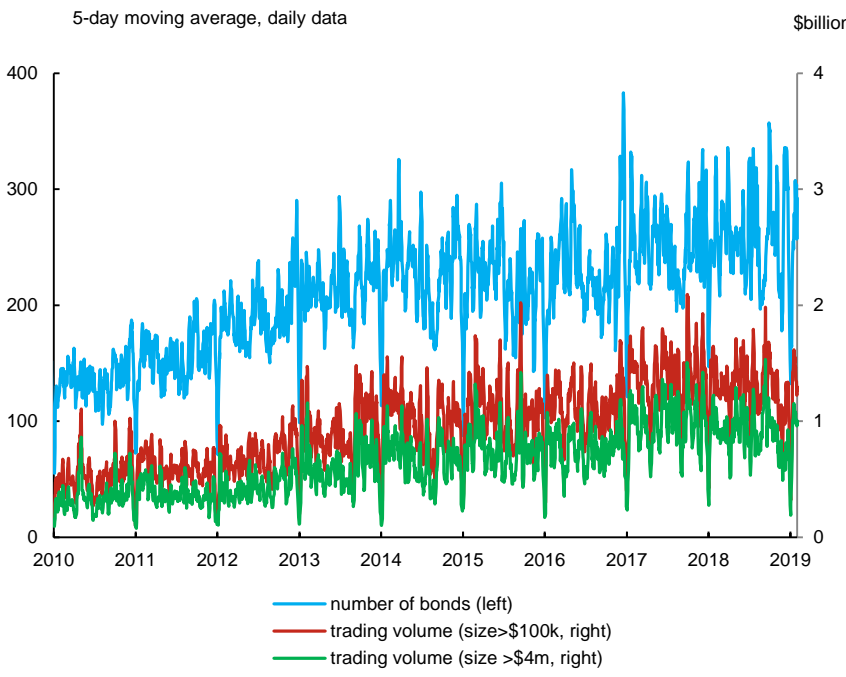




Canadian Corporate Bond Market Liquidity During Recent Periods of Market Stress

June 4, 2019

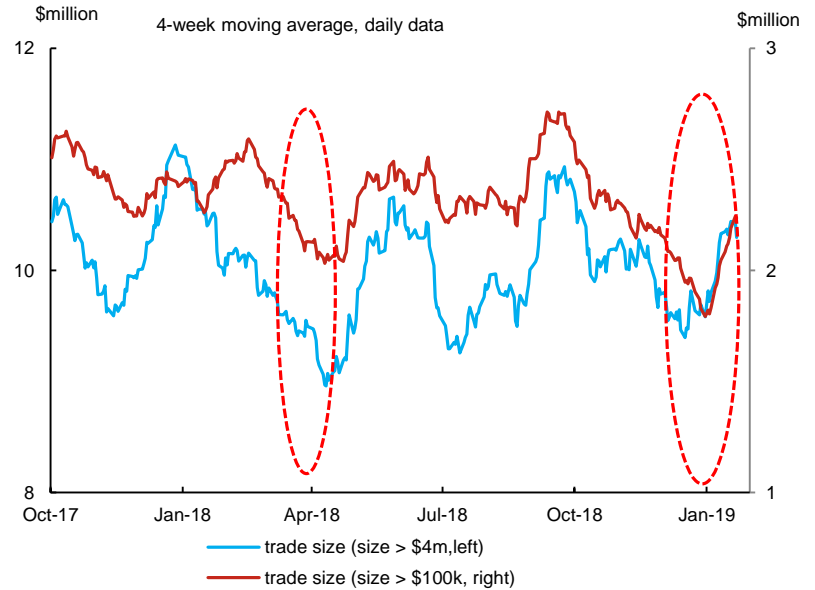
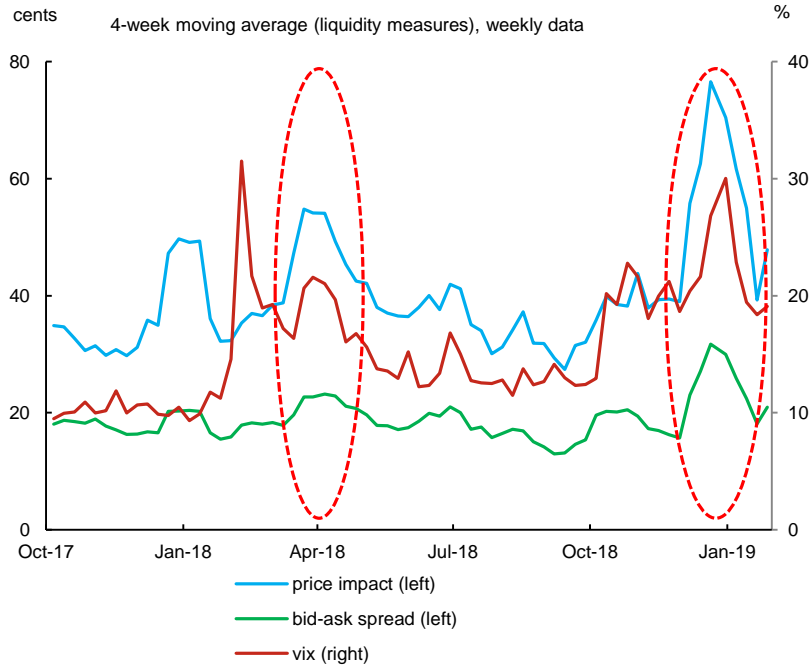
Canadian corporate bond trading activity exhibits clear year-end seasonality



Sources: Canadian Depository for Securities and Bank of Canada calculations

Last observation: January 31, 2019

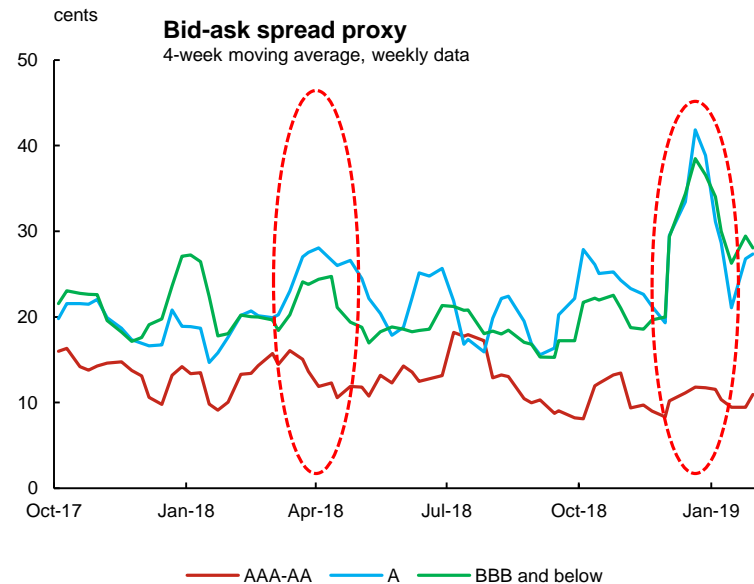
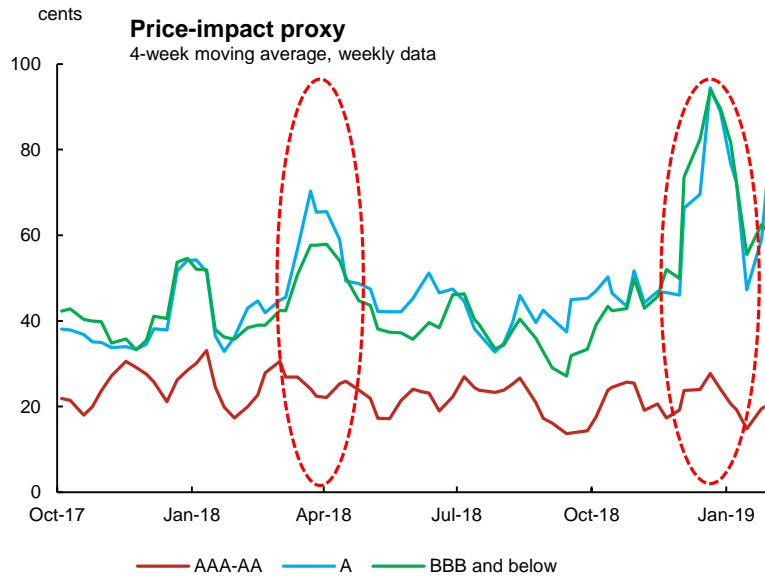
Aggregate liquidity deteriorated sharply during recent periods of market stress



Sources: Canadian Depository for Securities and Bank of Canada calculations

Last observation: January 31, 2019

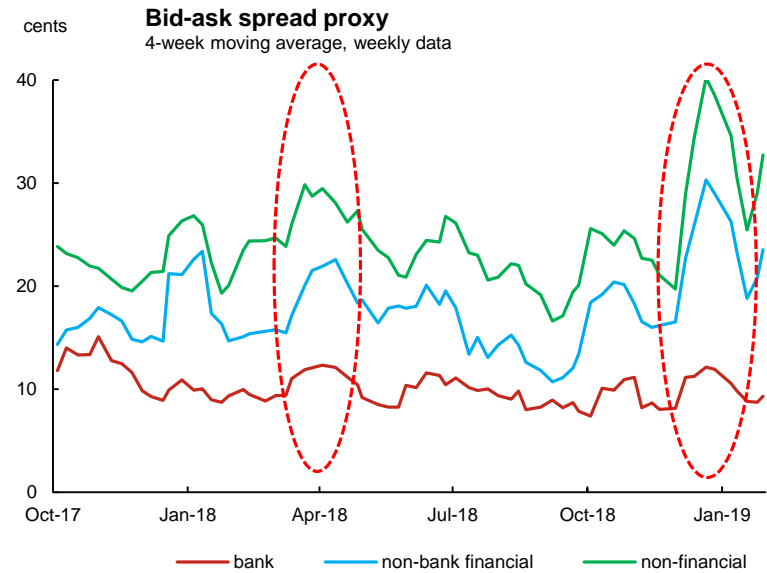
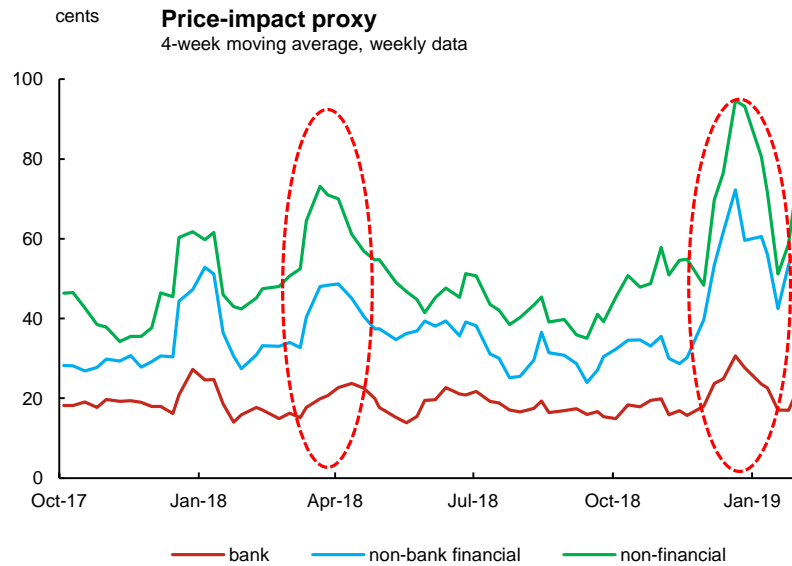
Market liquidity metrics deteriorated more for lower-rated corporate bonds



Sources: Canadian Depository for Securities and Bank of Canada calculations

Last observation: January 31, 2019

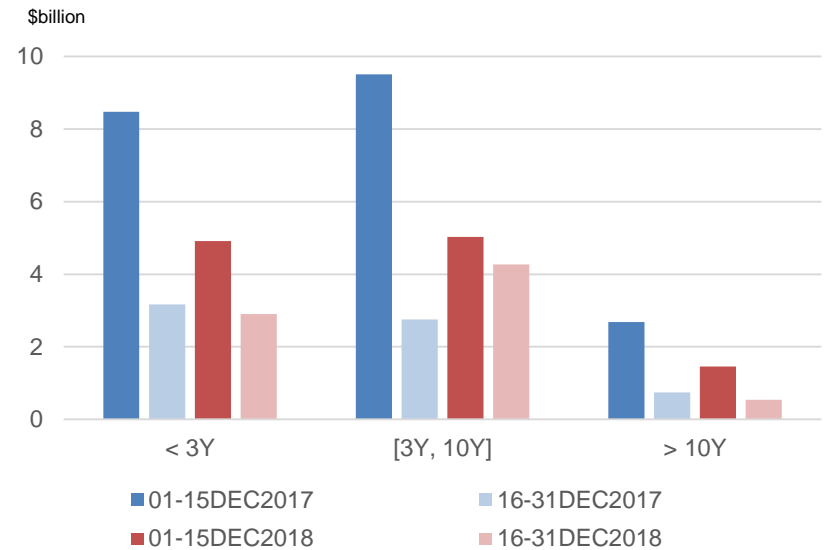
Market liquidity metrics deteriorated more for non-bank issued corporate bonds



Sources: Canadian Depository for Securities and Bank of Canada calculations

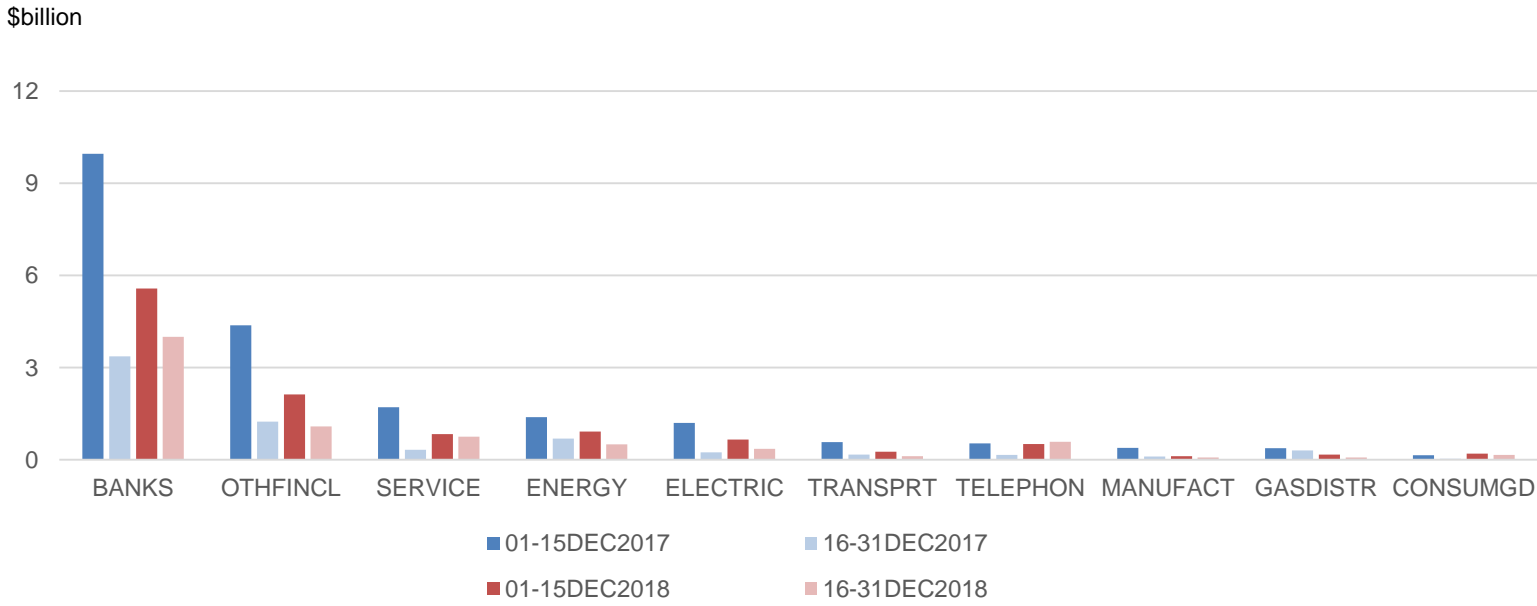
Last observation: January 31, 2019

December 2018 trading volume dropped for larger trades and across bond maturities from the prior year



Sources: Canadian Depository for Securities and Bank of Canada calculations

Trading was concentrated in bank bonds



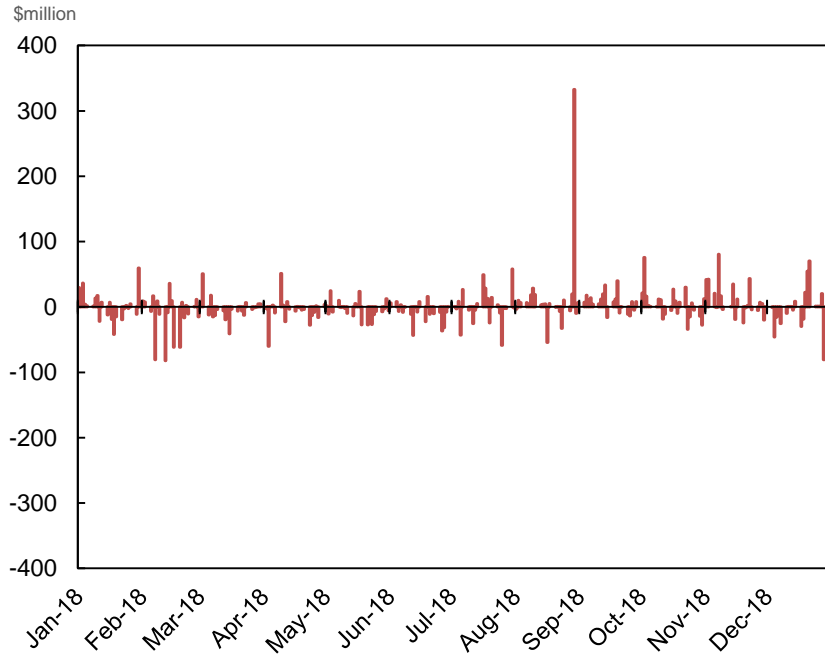
Sources: Canadian Depository for Securities and Bank of Canada calculations



Appendix

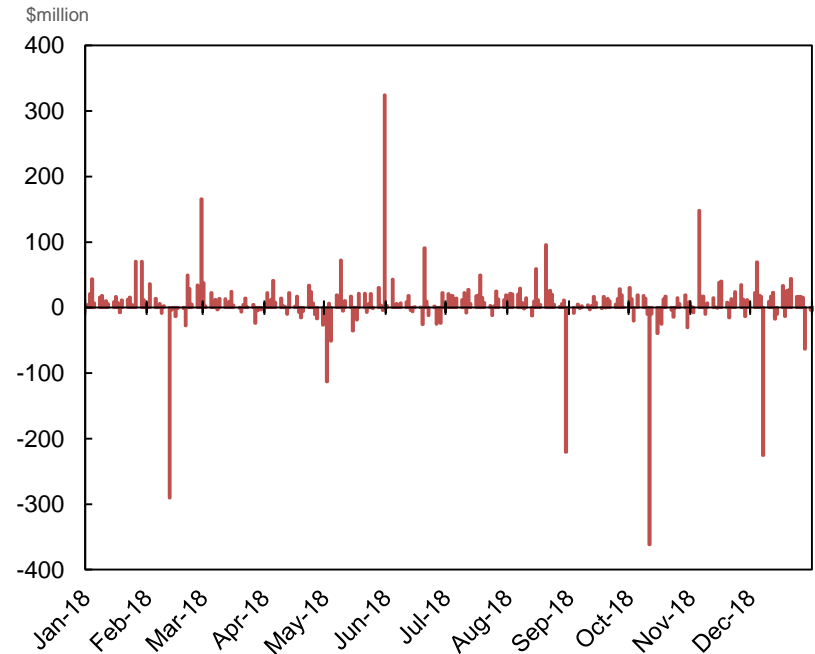
Canadian corporate fixed income ETF fund flows were relatively small

Canadian Corporate Fixed Income ETFs - Daily Fund Flows



Sources: Bloomberg and Bank of Canada calculations

Canadian Aggregate Fixed Income ETFs - Daily Fund Flows



Last observation: December 31, 2018