

# CORRA: Market Update

---

CORRA Advisory Group (CAG) Meeting

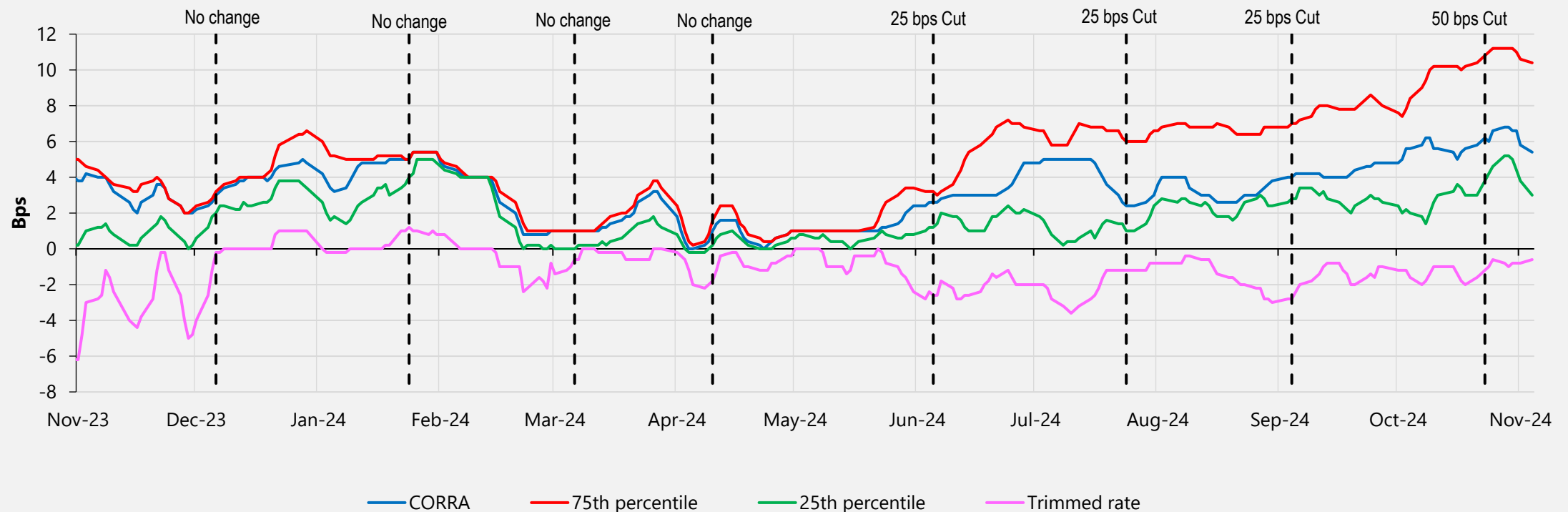
November 18<sup>th</sup>, 2024



# Repo rate percentiles

- The CORRA percentiles since the last meeting in May have significantly widened coinciding with higher CORRA settings which are mostly being attributed to the transition from T+2 to T+1 settlement cycle.

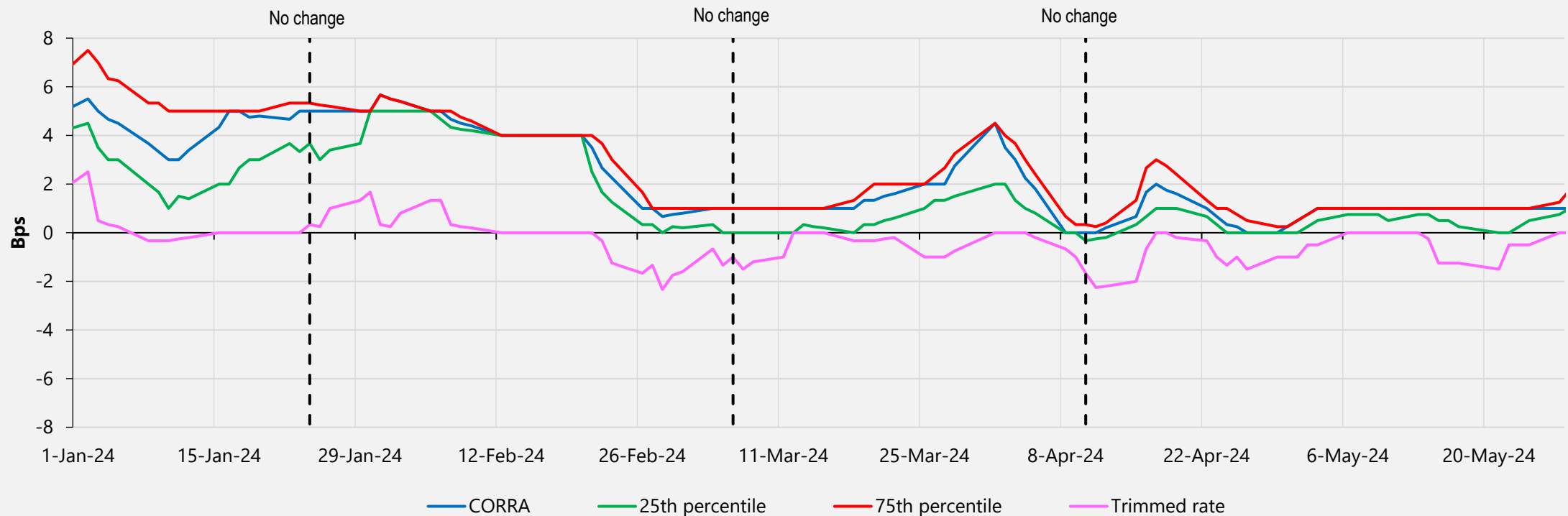
Chart 1: 5-day moving average of CORRA, percentiles, and trimmed rate spread to Target



# Repo Rate Percentiles January until May T+1

- CORRA rate settings and percentiles had consolidated within a narrower range in the second quarter.

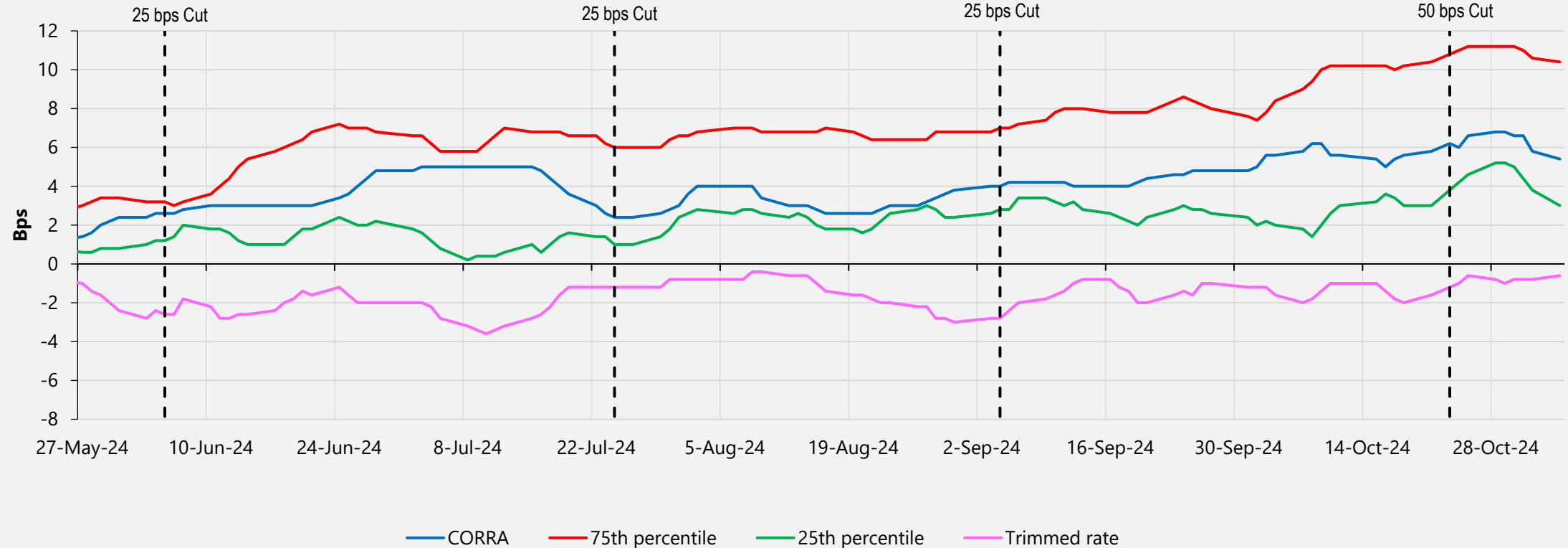
Chart 2: 5-day moving average of CORRA, percentiles, and trimmed rate spread to Target



# Repo Rate Percentiles since May 27<sup>th</sup> T+1

- CORRA rate settings and percentiles have shifted higher and wider.

Chart 3: 5-day moving average of CORRA, percentiles, and trimmed rate spread to Target

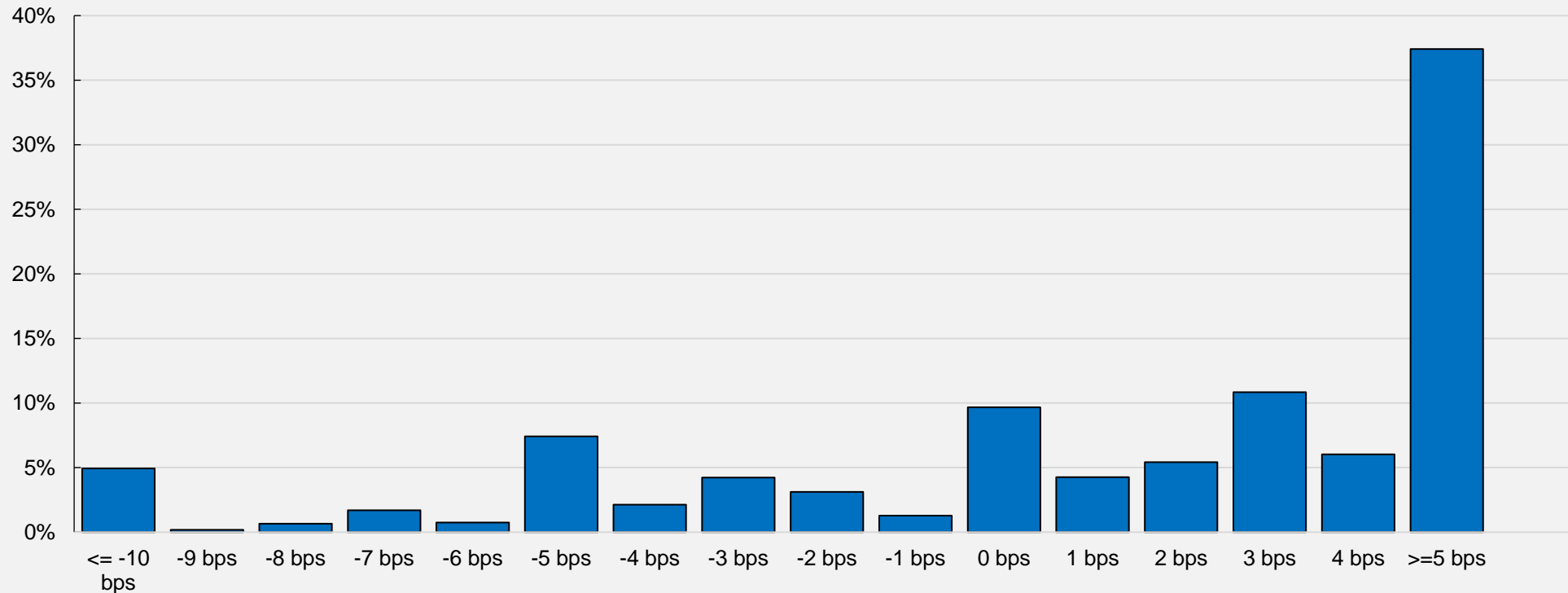


# Distribution of CORRA since May 27<sup>th</sup> T+1

**Chart 4: Distribution of CORRA volume at 5%, 4.75%, 4.5%, 4.25% and 3.75% Target Rate**

May 28, 2024 to Nov 13, 2024

Share of CORRA volume

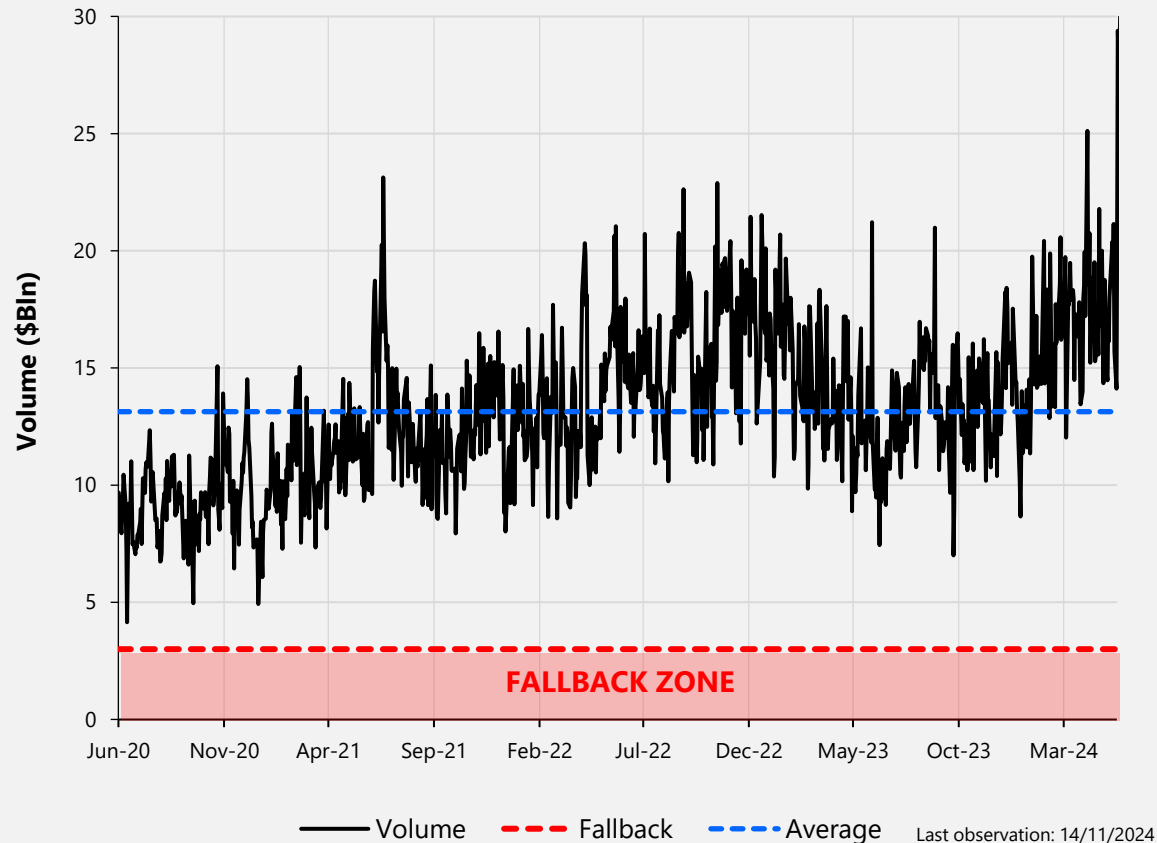


Source: Bank of Canada

# CORRA Volume before move to T+1

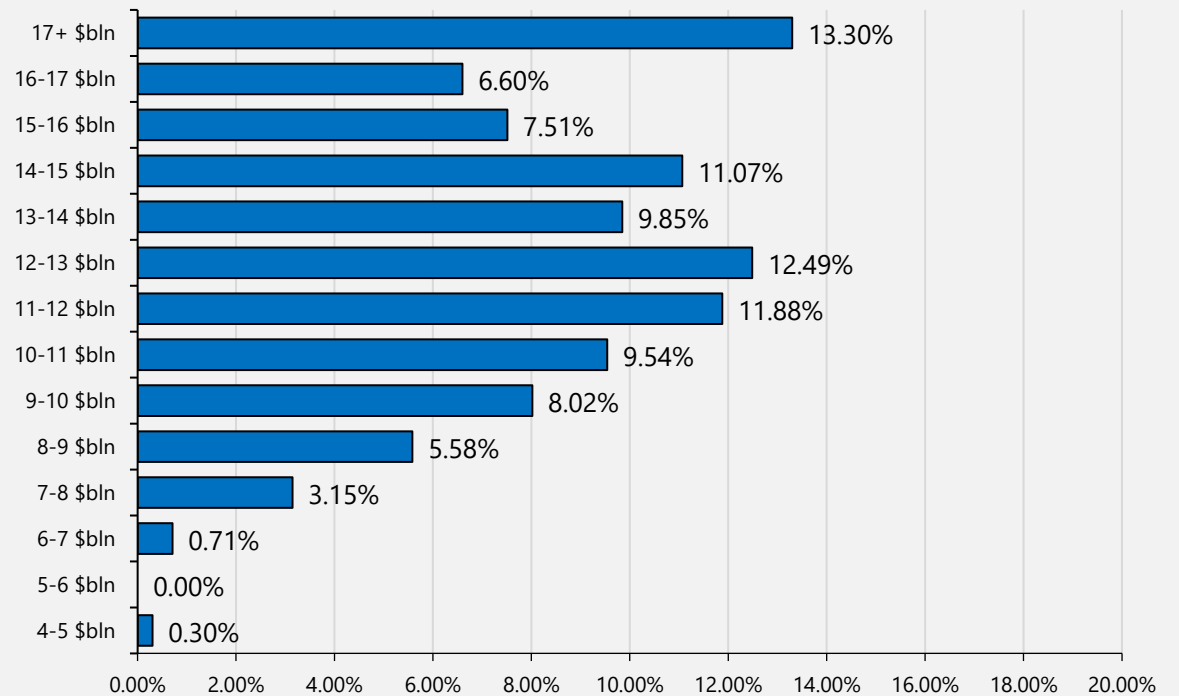
- CORRA trimmed daily volume was stable averaging around \$13bIn and oscillated between \$10-\$20bIn daily.

Chart 5: CORRA daily trimmed volumes since June 2020



Source: Bank of Canada

Chart 6: Relative frequency of daily CORRA trimmed volume since June 2020



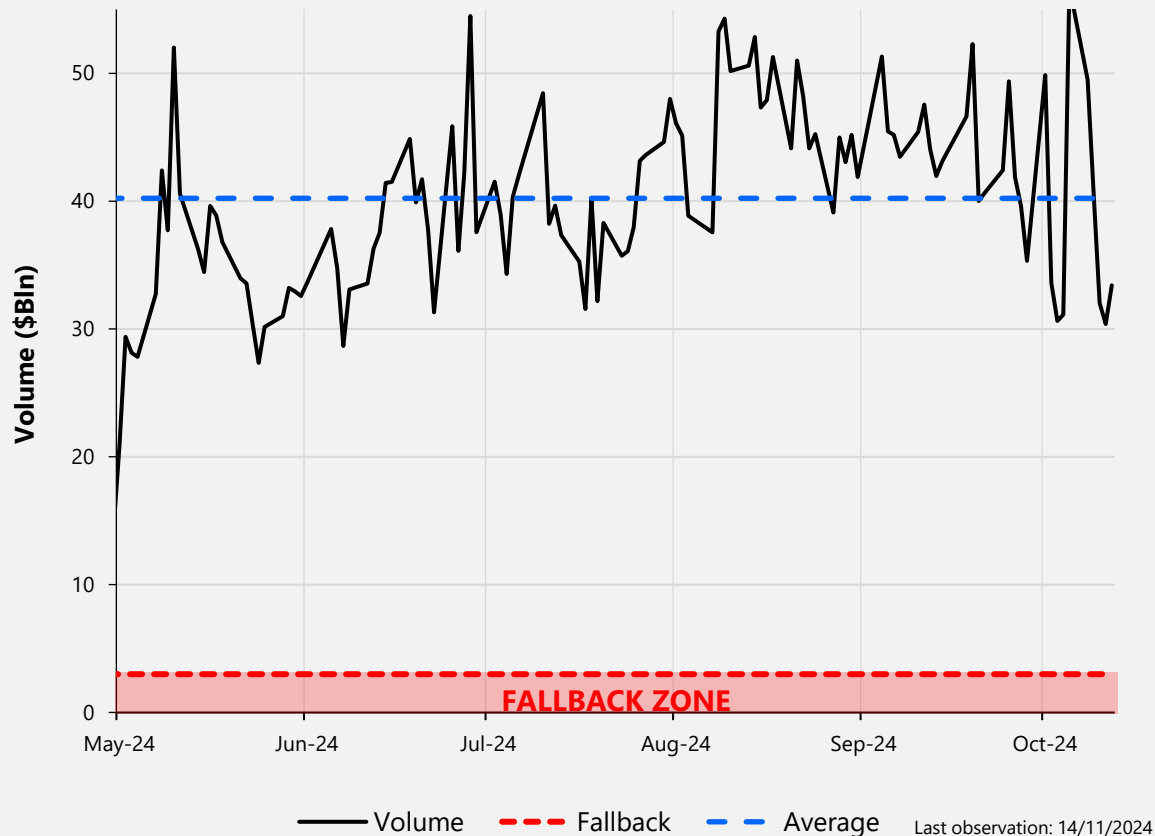
Source: Bank of Canada

Last observation: 14/11/2024

# CORRA Volume after move to T+1

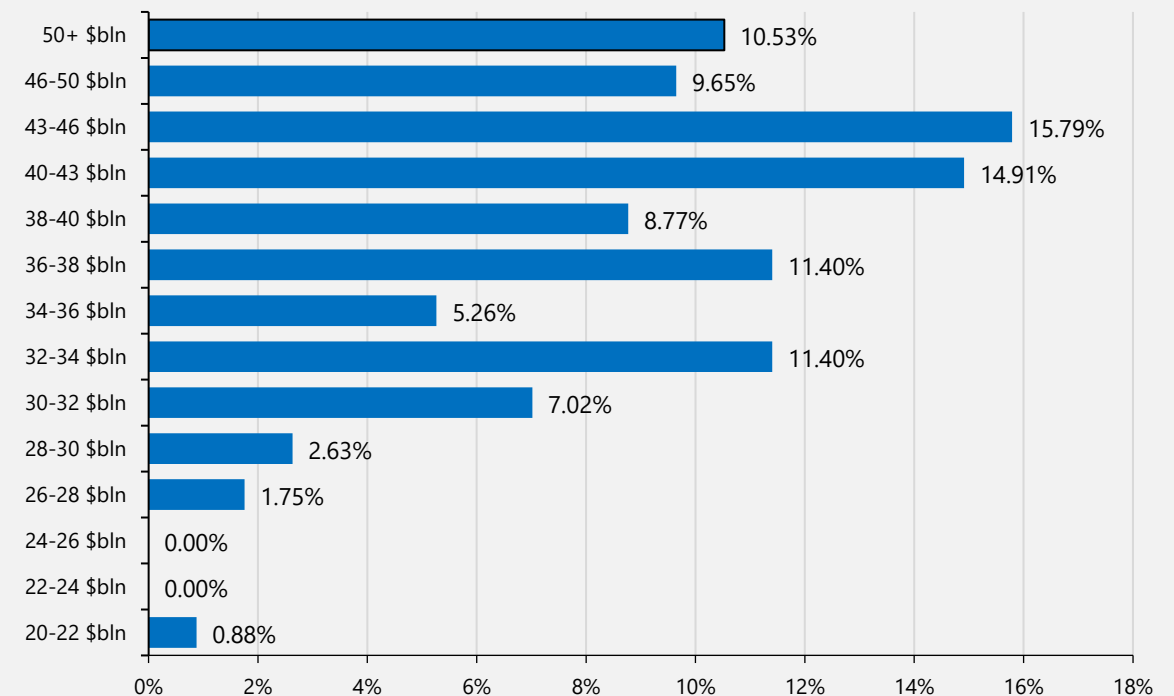
- CORRA volume spiked significantly following the transition date, doubling the daily trimmed calculation data set.

Chart 7: CORRA daily trimmed volumes since May 28 2024



Source: Bank of Canada

Chart 8: Relative frequency of daily CORRA trimmed volume since May 28 2024



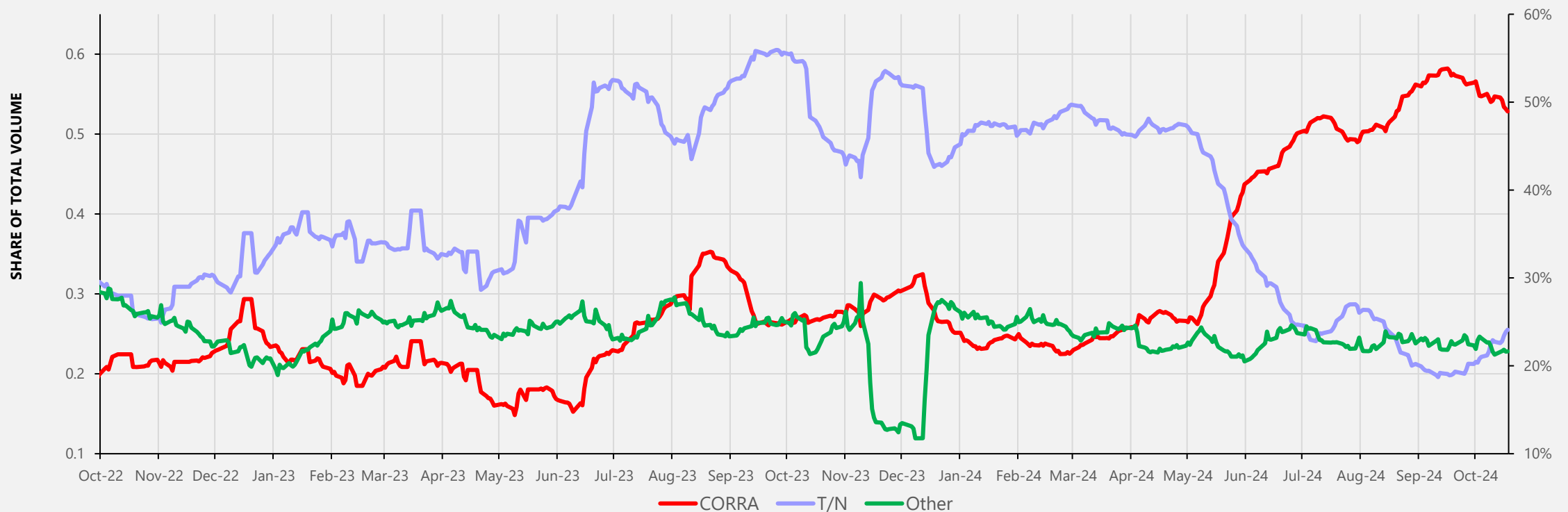
Source: Bank of Canada

Last observation: 14/11/2024

# Repo volumes by tenor

- O/N share of repo volume completely flipped with T/N, switching from 25% to 50% of the daily funding volume.

Chart 9: 20-day moving average of the share of repo trading by CORRA eligibility



Note: Other category includes all trades that are not eligible for CORRA and are not Tom-next, i.e term, non-CAD and affiliated trades. T/N and other trade types are not processed through a trade matching algorithm and thus their volumes are slightly overstated.

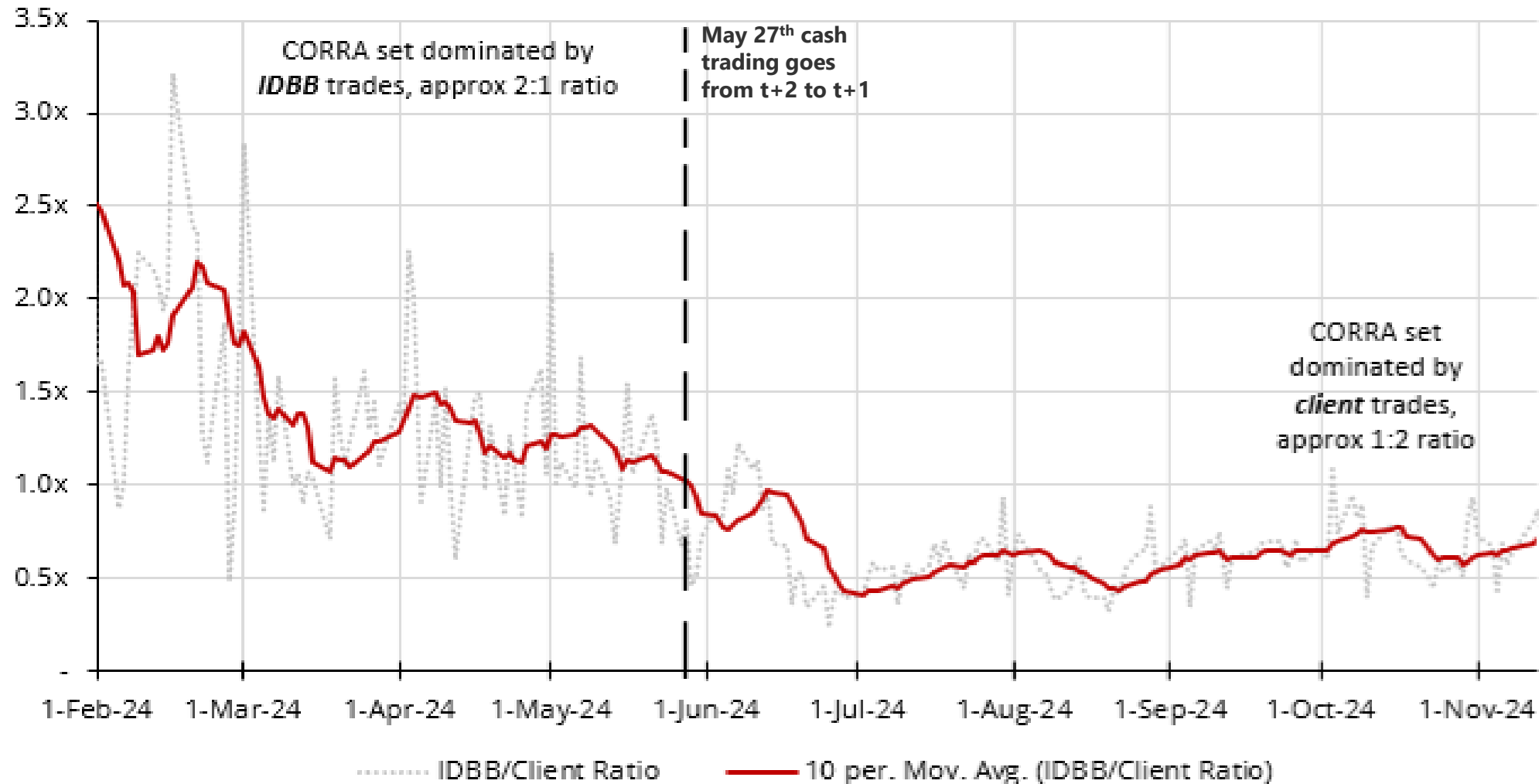
Source: Bank of Canada

Last observation: 15/11/2024



# The CORRA data set composition has changed

Chart 10:  
Ratio of IDBB to Client Trades (ON Repo Volumes, Amount Settled)



# BoC Overnight Repos (OR's)

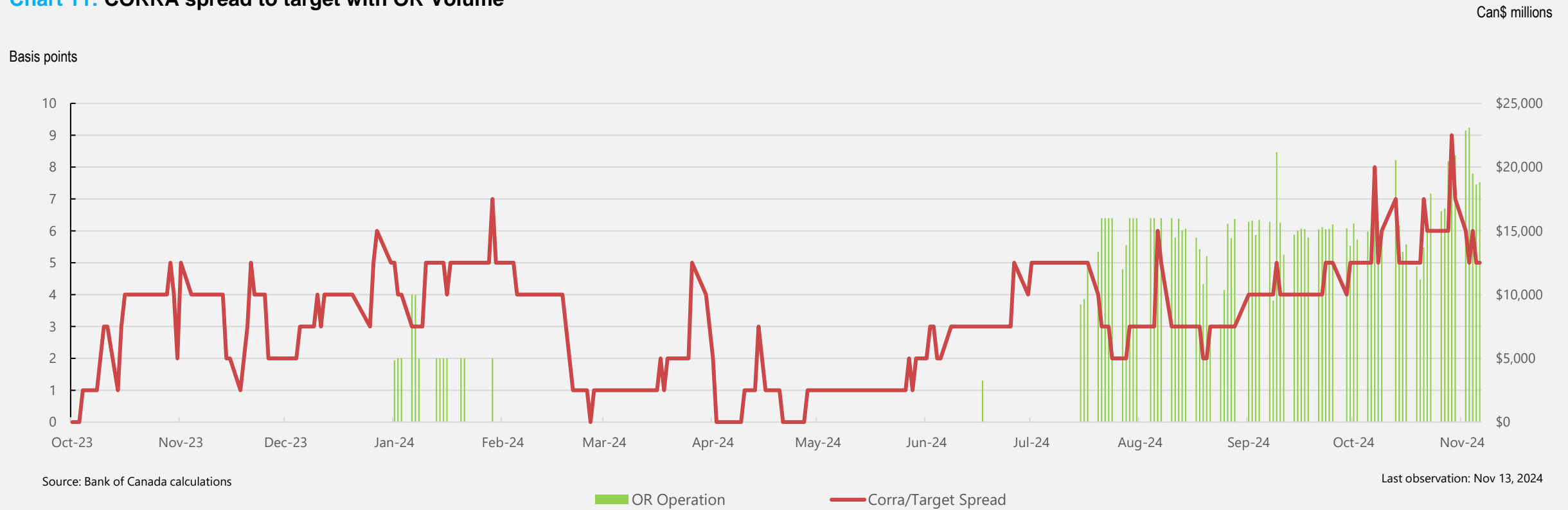
- The term and conditions were amended on a few occasions in response to elevated CORRA settings
  - On July 15<sup>th</sup> 2024:
    - › Increased individual dealer limit from \$1.0bln to \$3.0bln
    - › Increased aggregate limit from \$5.0bln to \$8.0bln
    - › Increased frequency and adjusted timing of operations
      - › From ad-hoc typically at 11:45am
      - › To consistently conducting multiple rounds daily at 8:15 & 9:30
- Market notice: [Bank of Canada announces increases to the dealer and round limits for Overnight Repo operations - Bank of Canada](#)

# BoC Overnight Repos (OR's)

- The term and conditions were amended on a few occasions in response to elevated CORRA settings
- On October 25<sup>th</sup> 2024:
  - › Aggregate limit changed from maximum of \$8.0bln to a minimum of \$8.0bln
  - › Individual dealer limit remained at \$3.0bln
  - › Same ad-hoc basis and timing of operations
    - › normally at 8:15, 9:30 or 11:45
- Market notice: [Bank of Canada announces a change to Overnight Repo operations - Bank of Canada](#)

# CORRA Spread to Target vs OR Volume

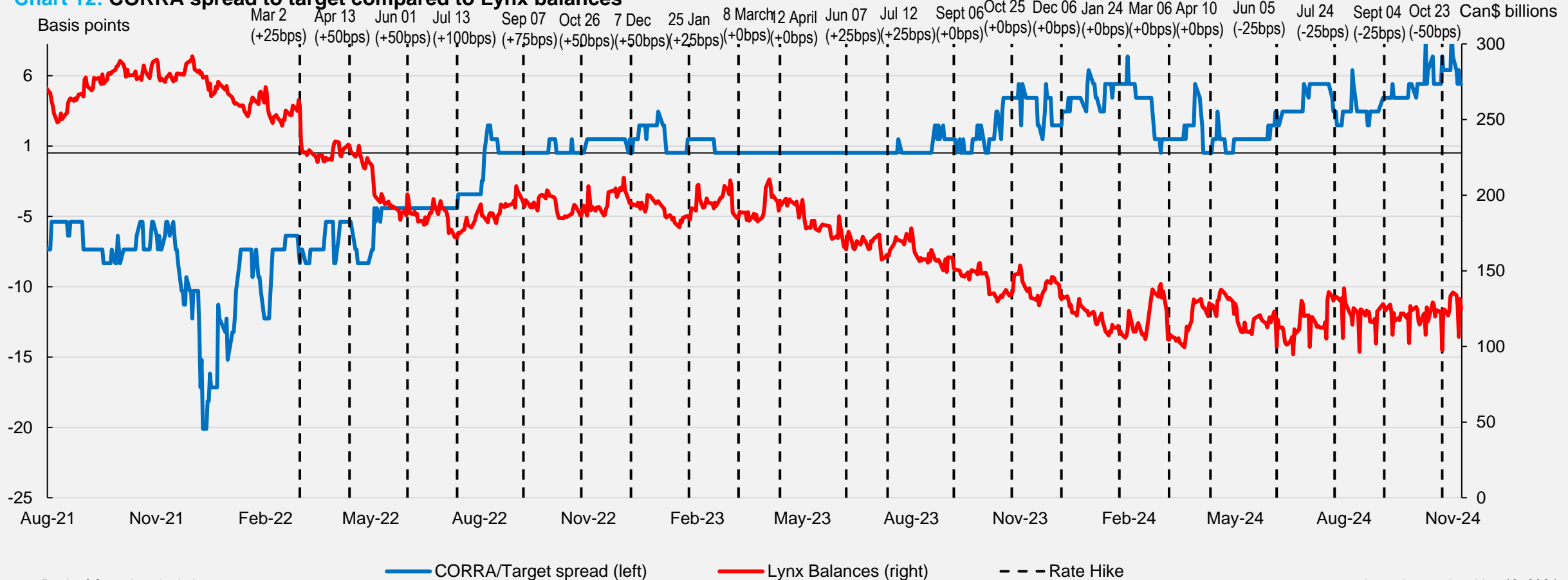
**Chart 11: CORRA spread to target with OR Volume**



# CORRA Spread to Target vs LYNX Balances

- LYNX balances steadily drifting lower during the second half of 2023 but have consolidated within a well-established range since early 2024.

**Chart 12: CORRA spread to target compared to Lynx balances**





Merci