



June 2nd: Roll 'em if you got 'em

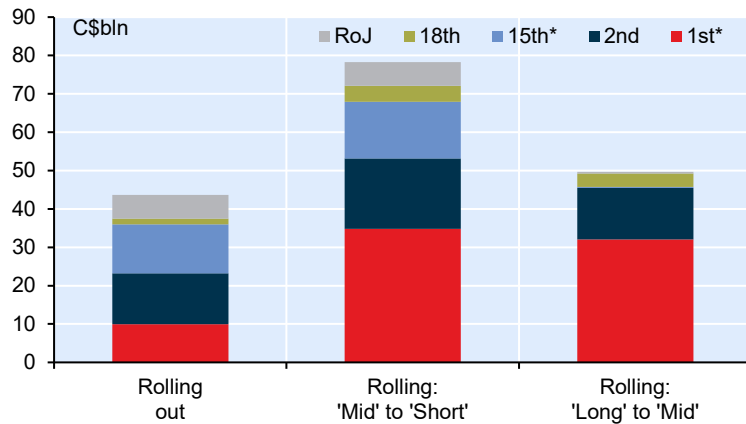
By Warren Lovely & Noah Black

There have been plenty of extraordinary days of late, part of what will go down as a genuinely momentous year. Notwithstanding the obvious (and necessary) focus on geopolitical developments, one of the more significant seasonal periods for Canada's domestic bond market is increasingly close at hand. We're talking about the much-ballyhooed June 1st/June 2nd effect, which owes to the lumpy/concentrated nature of Canadian bond maturities and related cashflows.

We offered a detailed preview back on May 2nd, which is available [here](#). Having earlier quantified the cash about to flow, we are keying here on the specific nature and characteristics of the bonds due to roll out or roll over at the start of June. All else equal, bond roll effects will account for the more material share of the extra duration likely to be added to the

Chart 1: No shortage of rollouts & rollovers on June 2nd

Value of bonds rolling out/over in FTSE Canada Universe Bond Index: Jun-25



Source: NBC, FTSE Russell | Note: Based on index as at 9-May-25; note that 1-Jun & 15-Jun fall on weekend in 2025, with related roll impacts captured on the next good business day

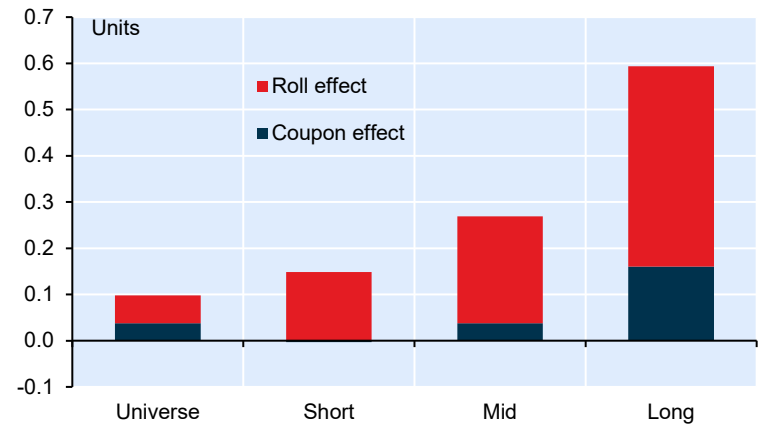
In all, 29 bonds with combined outstandings of ~\$122 billion (or 5% of the FTSE Canada Universe Bond Index) will roll out of the index or roll over from one bucket to another on June 2nd. (That's inclusive of June 1st rolls, as that day falls on a weekend). Bond rollout/rollover effects account for the majority of the extra duration set to be added to the overall index (and its associated buckets).

index. And for the closely watched 'Long' bucket (i.e., >10-years), the sheer magnitude of bonds due to roll over (based on combined outstandings) looks to be wholly unprecedented for this time of year.

Note: The following analysis is based on the current and historical composition of the FTSE Canada Universe Bond Index. When it comes to bond rollouts/rollovers and related duration impacts, we are quantifying/simulating the 3-day impact that will be captured on Monday, June 2nd, since June 1st falls on a weekend this year. It means more concentrated impacts on June 2nd, this key date now 15 weekdays away. We would emphasize that Canada's domestic bond market will continue to evolve between now and June 2nd, including effective outstandings for some of the biggest issues scheduled to roll over. We will provide a final projection/simulation in the final days of May.

Chart 2: Rollout/rollover effects key to duration adjustment

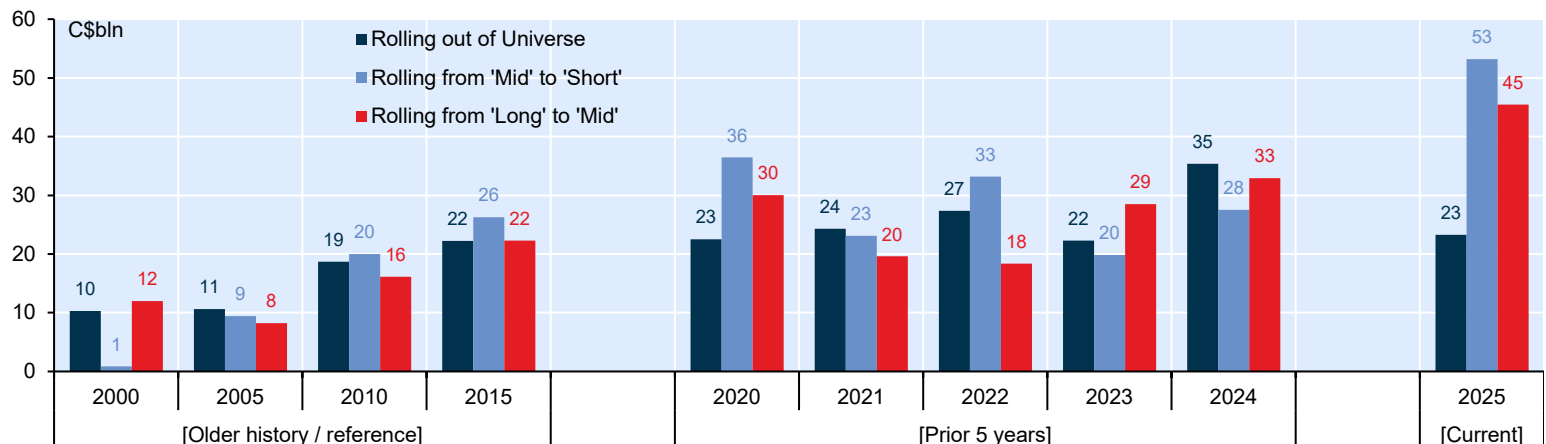
FTSE Canada Universe Bond Index: Simulated duration change on 2-Jun-25



Source: NBC, FTSE Russell | Note: Based on index as at 9-May-25; duration change refers to 3-day cumulative impact from 30-May-25 to 2-Jun-25; assumes no change in yield curve

Chart 3: Unprecedented stuff when it comes to bonds rolling over from 'Long' to 'Mid' bucket at the start of June

Total value of bonds rolling out/rolling over in FTSE Canada Universe Bond Index: 3-day sum, inclusive of 31-May to 2-Jun

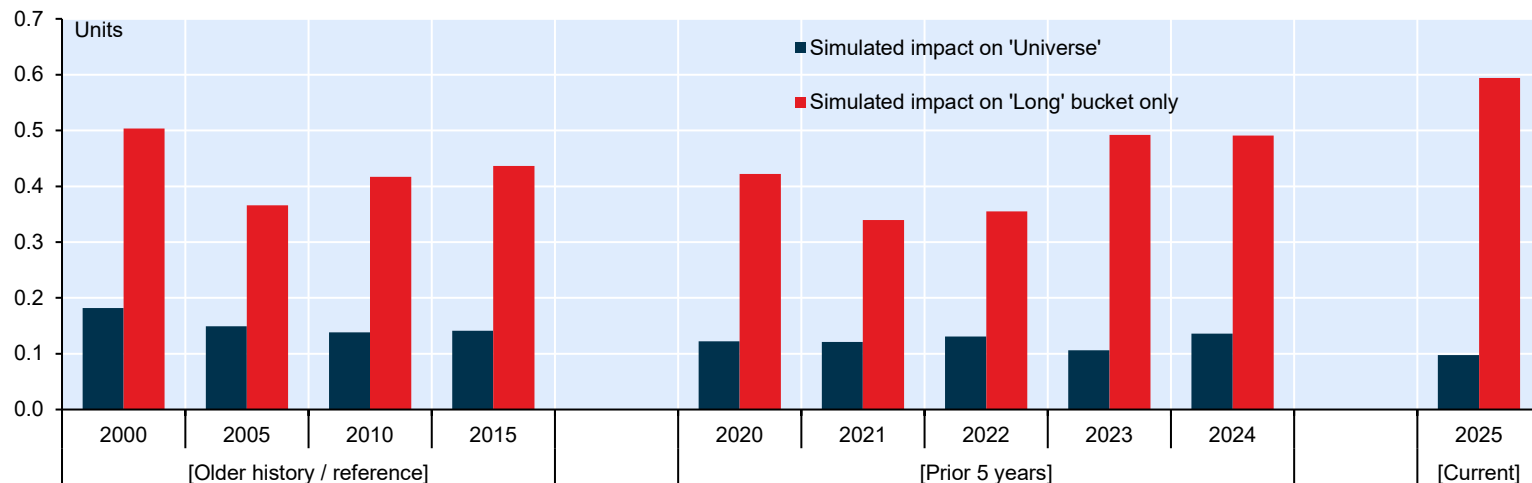


Source: NBC, FTSE Russell | Note: For 2025, based on index as at 9-May; for prior 5 years & earlier reference periods, based on index as at 12-May or earliest available business day; sums effective outstandings for bonds rolling out or rolling over 3-day period covering 31-May to 2-Jun (to better compare to the 2025 calendar)

For those seeking an historical perspective, what we're about to see is in some cases unprecedented. That's particularly true for the closely watched 'Long' bucket, where 11 bonds with combined outstandings of \$45 billion (currently) will move to the 'Mid' bucket. That's a jumbo rollover, even before factoring in the looming auction of the CAN 2035s and other potential issuance.

**Chart 4: All else equal, a big duration event looms for the 'Long' bucket**

Projected 3-day change in modified duration of FTSE Canada Universe Bond Index & 'Long' bucket (i.e., >10Y): 30-May to 2-Jun



Source: NBC, FTSE Russell | Note: NBF simulations of 3-day impact ending 2-Jun for select years; simulations based on index composition & prices as at 9-May to 12-May of each year; figures are presented for illustrative purposes; simulated change in duration can differ from actual/reported duration change, owing to shifts in yields/curves & issuance from simulation date to 2-Jun

Based on the latest available composition of the FTSE Canada Universe Bond Index (as at 9-May-25), we estimate that the modified duration of the 'Universe' would extend 0.10 on June 2nd (all else equal). That's meaningful although not unprecedented. But the 3-day duration add we have simulated for the 'Long' bucket (i.e., from 30-May-25 to 2-Jun-25) is something else, poised to set a record for this particular period/time of year. The ultimate duration change will of course depend on market dynamics/pricing. Moreover, we'd stress that our simulations are based on current index constituents/outstandings. But as we know, the CAN 2035s will be re-opened again on May 28th (adding more weight to this specific bond). Other issuers (including certain provinces) could also steer more supply to the market, which could potentially adjust the size of other bonds rolling in June. Stay tuned. A final simulation (based on the ever-evolving index) will follow later this month.

Table: Another long list of bonds rolling out or rolling over on June 2nd, with 'Long' to 'Mid' rolls a clear focusSpecific bond issues rolling out of FTSE Canada Universe Bond Index or rolling down from one term 'bucket' to another: June 1st & June 2nd

June 1 st * [to be captured June 2 nd]														
Rolling out of UNIVERSE					Rolling over MID to SHORT					Rolling over LONG to MID				
Issuer Ticker	Cpn %	Maturity Date	O/S C\$m/ln	Weight %	Issuer Ticker	Cpn %	Maturity Date	O/S C\$m/ln	Weight %	Issuer Ticker	Cpn %	Maturity Date	O/S C\$m/ln	Weight %
CAN	1.50	1-Jun-26	5,757	0.24	CAN	1.25	1-Jun-30	26,722	1.04	CAN	3.25	1-Jun-35	28,500	1.21
ALTA	2.20	1-Jun-26	3,715	0.16	ALTA	2.05	1-Jun-30	8,100	0.33	ALTA	3.95	1-Jun-35	1,400	0.06
CRTUCN	3.29	1-Jun-26	200	0.01						NWRWPT	3.65	1-Jun-35	750	0.03
ENBGAS	2.81	1-Jun-26	250	0.01						FNFACA	4.05	1-Jun-35	650	0.03
										NS	3.85	1-Jun-35	400	0.02
										NS	4.90	1-Jun-35	350	0.02
Total rolling out			9,922	0.41	Total rolling over			34,822	1.37	Total rolling over			32,050	1.36

June 2 nd														
Rolling out of UNIVERSE					Rolling over MID to SHORT					Rolling over LONG to MID				
Issuer Ticker	Cpn %	Maturity Date	O/S C\$m/ln	Weight %	Issuer Ticker	Cpn %	Maturity Date	O/S C\$m/ln	Weight %	Issuer Ticker	Cpn %	Maturity Date	O/S C\$m/ln	Weight %
ONT	2.40	2-Jun-26	8,188	0.34	ONT	2.05	2-Jun-30	11,650	0.47	ONT	3.60	2-Jun-35	7,103	0.29
MP	2.55	2-Jun-26	1,900	0.08	BCIMCO	3.40	2-Jun-30	3,000	0.13	ONT	5.60	2-Jun-35	4,707	0.23
SCDA	2.55	2-Jun-26	1,575	0.07	SCDA	2.20	2-Jun-30	1,400	0.06	MP	3.70	2-Jun-35	900	0.04
NY	3.00	2-Jun-26	1,000	0.04	MP	2.05	2-Jun-30	1,300	0.05	SCDA	3.80	2-Jun-35	400	0.02
YORKMU	2.50	2-Jun-26	300	0.01	NF	1.75	2-Jun-30	1,000	0.04	PEEL	3.85	2-Jun-35	300	0.01
HRUCN	2.91	2-Jun-26	250	0.01										
ONT	8.00	2-Jun-26	115	0.01										
Total rolling out			13,328	0.56	Total rolling over			18,350	0.75	Total rolling over			13,410	0.59

Source: NBC, FTSE Russell | Note: Relevant constituent securities as of 9-May-25; amount O/S & weight (in Universe) references "current holdings"; note that 1-Jun falls on weekend in 2025, with coupon/roll effects captured on the next good business day (2-Jun)



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