



After the (cash) flood... a lesser flood of differing contours

By Warren Lovely

In some respects, Canada's domestic bond market is still cleaning up from all the index-related cash that flooded in on June 2nd. And yet a couple more days of non-trivial cashflows are poised to wash over the market. The next days in focus? June 15th and June 18th. The former (the 15th) lands on a Sunday and will therefore be captured with a one-day lag (on the 16th); the latter (the 18th) is a good business day in 2025.

Both June 15th and June 18th rank in the top 10 in terms of largest cashflow days for the FTSE Canada Universe Bond Index (Chart 1). Related cashflows have grown, the two-day total up 10% vs. last year and over 40% higher than five years ago (Chart 2). Meantime, a handful of bonds will see their index status change mid-month (Chart 3).

The precise nature of index adjustments varies on the two key days. June 15th is mainly a CANHOU story, where one bond rolls out of the Universe while larger amounts roll from 'Mid' to 'Short'. No CANHOU bonds roll 'Long' to 'Mid'. It implies a localized duration increase for the 'Federal Agency' sector when rolls (and coupons) are captured on June

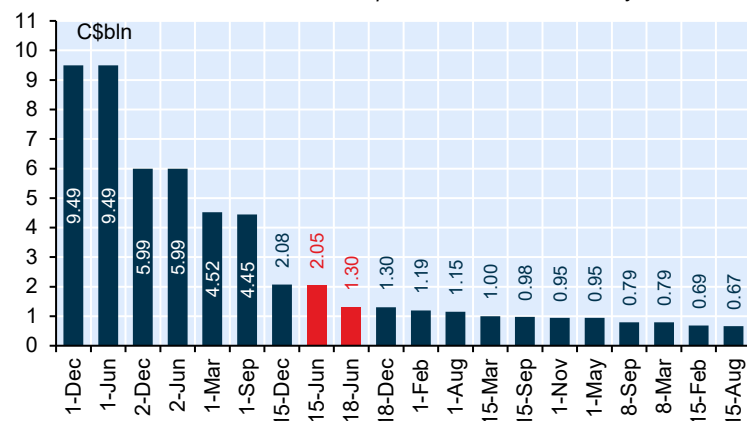
16th (ceteris paribus). 'Federal Agency' cash and duration adjustments are well timed, with new 5-year CANHOU supply arriving this week.

June 18th remains a uniquely 'Provincial' story. More specifically, it's all about British Columbia, which has long favoured June 18th (or December 18th) as a maturity date for domestic benchmarks. (By our count, 98% of BC's outstanding domestic bonds bear either a June 18th or December 18th maturity.) This year, four specific BC bonds will either roll out of the index or roll over, keying noted duration increases for this name and the provincial sector more generally (all else equal).

Notwithstanding the unique nature of the two key days, we estimate a cumulative increase in the modified duration of the FTSE Canada Universe Bond Index of 0.0346 for the 5-day period ending June 18th. That's not necessarily a record adjustment looking at equivalent simulations from prior years (Chart 4). Still, sizeable cashflows and non-trivial duration impacts could lend targeted support to new issues.

Chart 1: June 15th & June 18th are both big cashflow days...

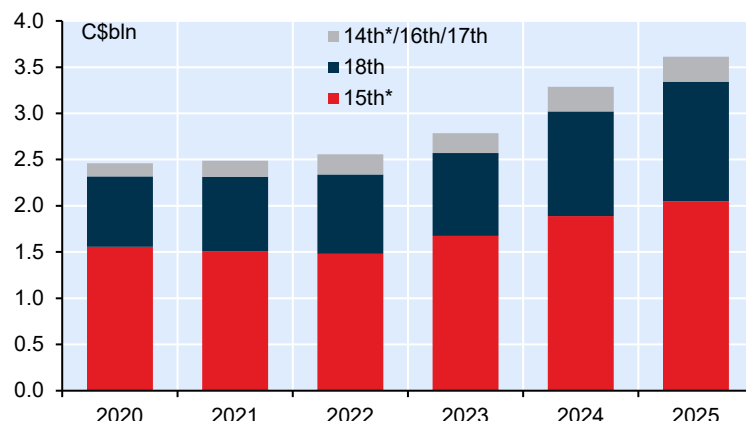
FTSE Canada Universe Bond Index: Top-20 individual cashflow days



Source: NBC, FTSE Russell | Note: Based on coming year of cashflows as at 6-Jun-25

Chart 2: ... with more cash this year than in the past

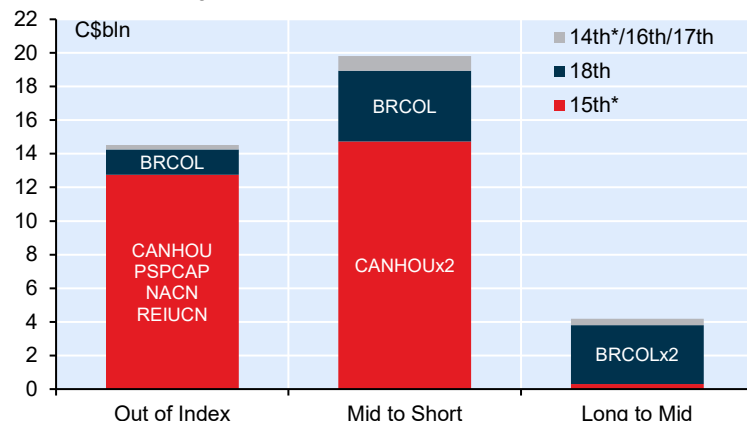
FTSE Canada Universe Bond Index cashflows: June 14th to June 18th



Source: NBC, FTSE Russell | Note: As at 6-Jun each year; 14th & 15th fall on weekend in 2025

Chart 3: A handful of bonds set to roll out or roll over

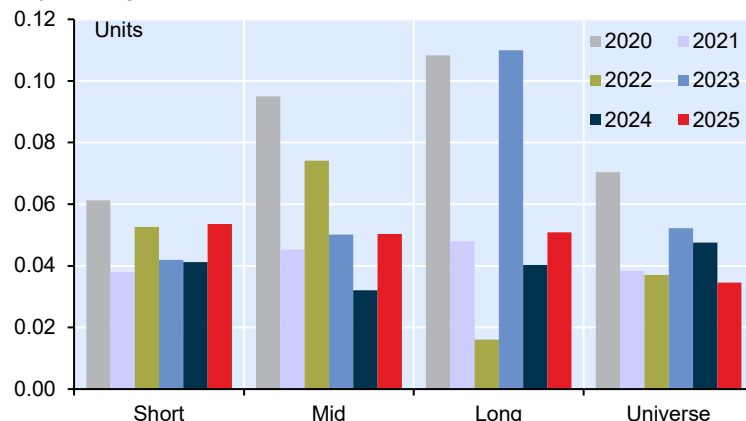
Value of bonds rolling out/over in FTSE Canada Universe Bond Index: Jun-25



Source: NBC, FTSE Russell | Note: As at 6-Jun-25; labels refer to issuer ticker for select rolls; June 14th & 15th fall on weekend in 2025, with roll outs/roll overs captured on 16th

Chart 4: Non-trivial duration impacts (though not unprecedented)

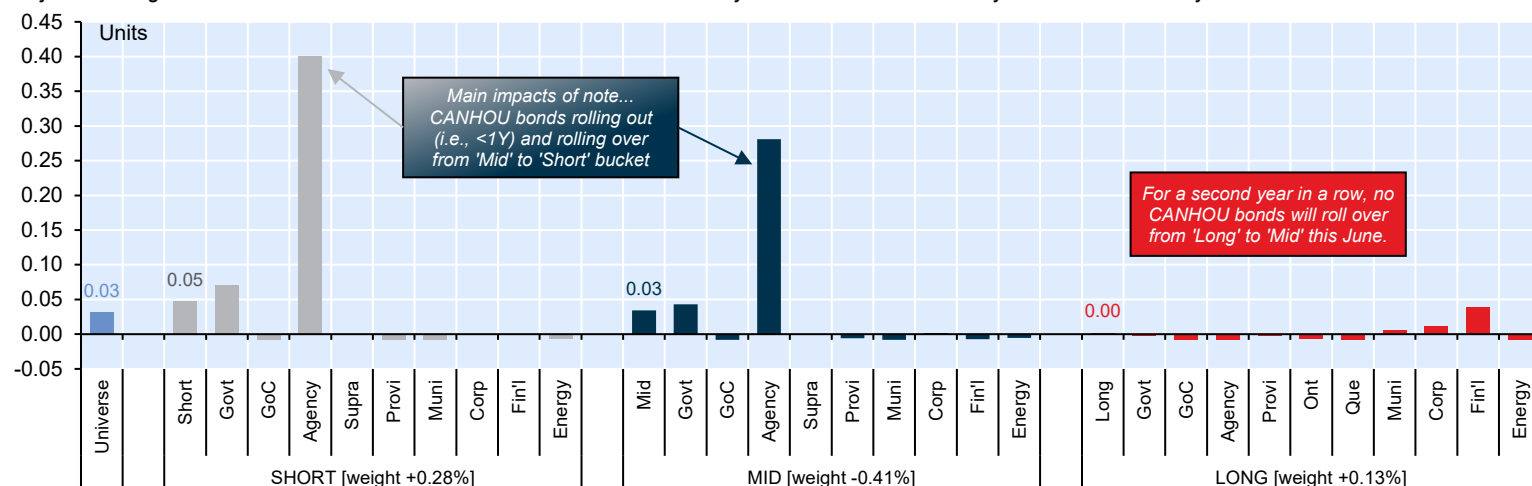
Projected chg in duration of FTSE Canada Universe Bond Index: 13-Jun to 18-Jun



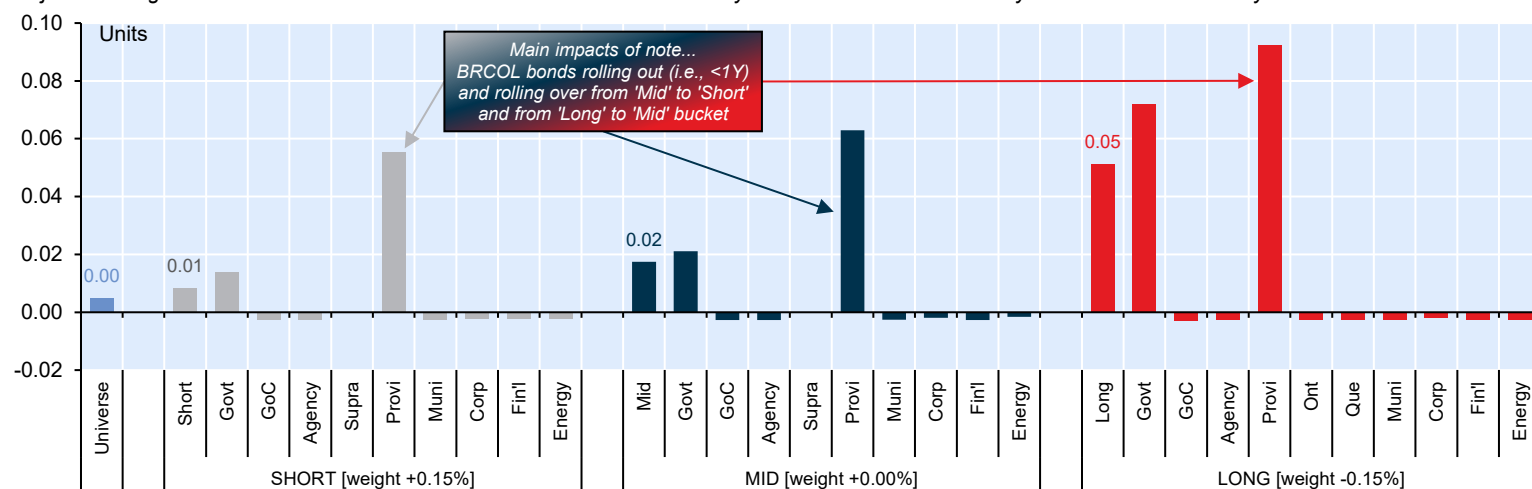
Source: NBC, FTSE Russell | Note: 5D simulations based on pricing/constituents as at 6-Jun each year; assumes no change in yield curve; index would evolve relative to sim date

**Chart 5a: 'Federal Agency' (mainly Canada Housing Trust or CANHOU) duration adjustments captured Monday, June 16th**

Projected change in modified duration of FTSE Canada Universe Bond Index by term & sector/issuer: Friday 13-Jun-25 to Monday 16-Jun-25

**Chart 5b: 'Provincial' sector (really British Columbia) the primary focus on June 18th**

Projected change in modified duration of FTSE Canada Universe Bond Index by term & sector/issuer: Tuesday 17-Jun-25 to Wednesday 18-Jun-25



Source: NBC, FTSE Russell | Note: NBC simulations based on pricing/constituents as at 6-Jun-25; assumes no change in yield curve; index will continue to evolve relative to sim day

Table: Closer look at the bonds rolling on June 15th & June 18th, appreciating that new issue machine still runningSpecific bond issues rolling out of FTSE Canada Universe Bond Index or rolling over from one term 'bucket' to another: June 15th & June 18th

June 15th* [to be captured June 16th]														
Rolling out of UNIVERSE					Rolling over MID to SHORT					Rolling over LONG to MID				
Issuer Ticker	Cpn %	Maturity Date	O/S C\$mIn	Weight %	Issuer Ticker	Cpn %	Maturity Date	O/S C\$mIn	Weight %	Issuer Ticker	Cpn %	Maturity Date	O/S C\$mIn	Weight %
CANHOU	1.25	15-Jun-26	10,000	0.42	CANHOU	1.75	15-Jun-30	10,715	0.42	PRINCE	5.70	15-Jun-35	100	0.00
PSPCAP	0.90	15-Jun-26	1,500	0.06	CANHOU	2.85	15-Jun-30	4,014	0.17	PRINCE	3.95	15-Jun-35	200	0.01
NACN	1.53	15-Jun-26	750	0.03										
REIUCN	1.97	15-Jun-26	500	0.02										
Total rolling out			12,750	0.53	Total rolling over			14,729	0.59	Total rolling over			300	0.01

June 18th														
Rolling out of UNIVERSE					Rolling over MID to SHORT					Rolling over LONG to MID				
Issuer Ticker	Cpn %	Maturity Date	O/S C\$mIn	Weight %	Issuer Ticker	Cpn %	Maturity Date	O/S C\$mIn	Weight %	Issuer Ticker	Cpn %	Maturity Date	O/S C\$mIn	Weight %
BRCOL	2.30	18-Jun-26	1,500	0.06	BRCOL	2.20	18-Jun-30	4,210	0.17	BRCOL	4.00	18-Jun-35	2,960	0.13
										BRCOL	5.40	18-Jun-35	540	0.03
Total rolling out			1,500	0.06	Total rolling over			4,210	0.17	Total rolling over			3,500	0.15

Source: NBC, FTSE Russell | Note: Relevant constituent securities as of 6-Jun-25; amount O/S & weight (in Universe) references 'current holdings'; note that 15-Jun falls on weekend in 2025, with coupon/roll effects captured on the next good business day (16-Jun); index will continue to evolve as we approach key days



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