Market View
Economics and Strategy

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MTRS: Turning up the (bond) volume

By Warren Lovely

Following the recent release of CIRO's Canada secondary trading statistics for June, we reflect on where things stand at the half-way mark of the calendar year.

Across Canada's domestic bond market, we've seen the (secondary) volume turned up. Indeed, a host of monthly, quarterly and/or half-year records have fallen here in 2026. June was a particularly unique month, as outsized corporate 'hyperscaler' bond supply likely bolstered volumes in competing sectors (where paper may have come out against these high-profile and uber-chunky new issues).

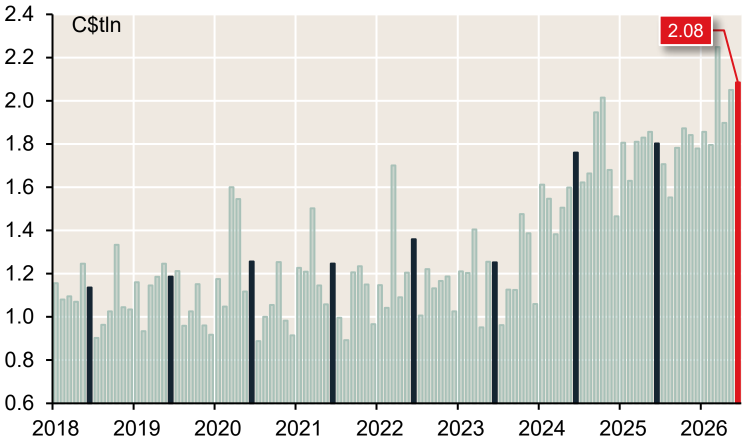
In general, elevated levels of primary bond supply (be it corporate or public sector-related)—and the continuing growth in the outstanding stock of domestic securities—should drive enhanced secondary trade. Still, bond turnover looks to be on the rise, consistent with what we still consider to be relatively healthy secondary market liquidity conditions across key segments of Canada's fixed income market.

We use this *Market View* to examine/explore Canada's secondary bond trading from a variety of angles, providing fresh perspective on seasonal patterns, specific sectoral developments, tenor-specific trends and relative engagement by counterparty type (including the closely watched non-resident component). There's a fair bit to cover, as the following 21 charts should make clear.

*Note: In all cases, the charts and analysis included in this report refer to CIRO's publicly available, all-dealer secondary trading data (**link**).*

Chart 1: Busiest-ever June for Canadian bond trading…

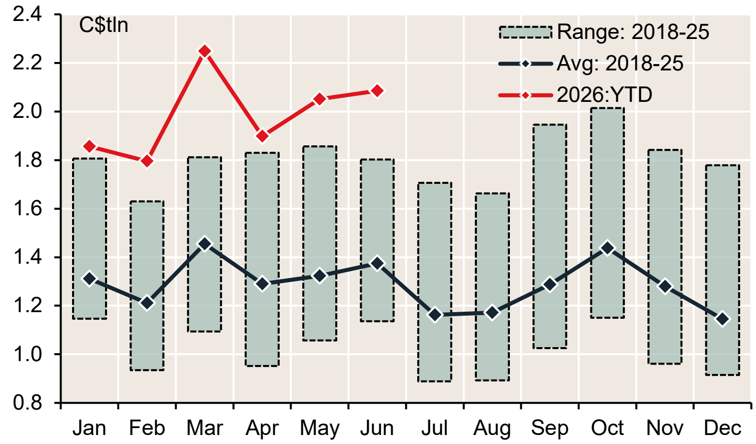
Monthly Canada domestic bond trading: All sectors



Source: NBC, CIRO | Note: All dealers, all counterparties; month of June highlighted

Chart 2: … making it 6-for-6 months where prior range beat

Monthly pattern of Canada domestic bond trading: All sectors

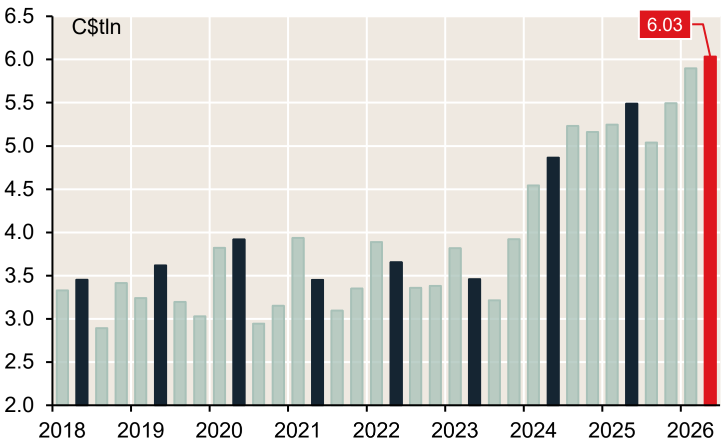


Source: NBC, CIRO | Note: All dealers, all counterparties

The $2.08tln of domestic bonds that changed hands last month set a new high-water mark for the month of June, standing 15% higher than Jun-25. That continues a trend whereby each of the first six months of 2026 saw total secondary trading exceed the top-end of the historical range (based on the MTRS 2.0 reporting regime, where monthly tallies are available from 2018 onwards).

Chart 3: On quarterly basis, volume record set in Q2…

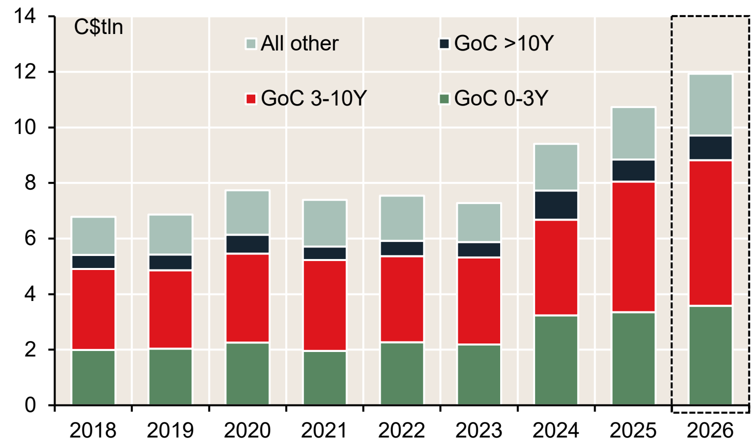
Quarterly Canada domestic bond trading: All sectors



Source: NBC, CIRO | Note: All dealers, all counterparties; second quarter highlighted

Chart 4: … leaving first-half trade 11% higher than 2025:H1

Year-to-date Canada domestic bond trading: GoC & other sectors

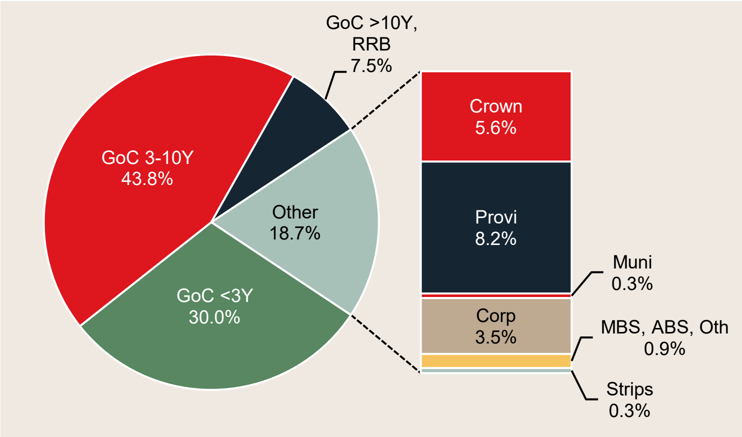


Source: NBC, CIRO | Note: All dealers, all counterparties; Jan-Jun

Given the sizzling pace of monthly trading, it perhaps follows that records are falling on a quarterly and year-to-date basis too. Total volume (all sectors, all dealers, all counterparties) surpassed $6tln in Q2, up ~10% vs. the year-earlier period. Volumes have been pointed distinctly higher in the past couple of years, as borrowing needs step up and investor engagement broadens/deepens.

Chart 5: GoC accounts for over 80% of total bond trading

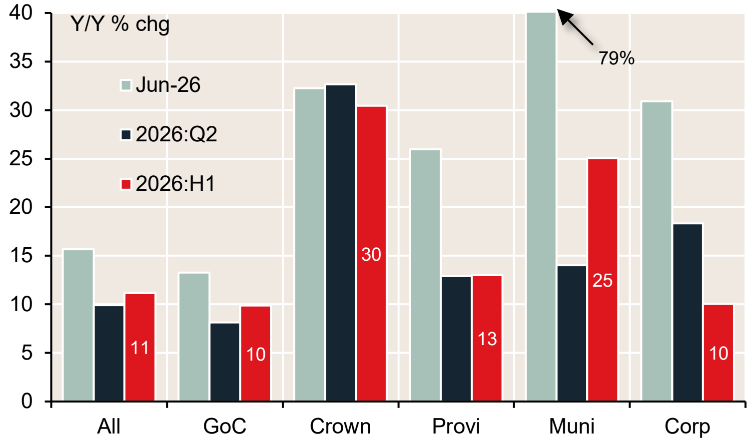
Share of Canada domestic bond trading by issuer/tenor: 2026:YTD



Source: NBC, CIRO | Note: All dealers, all counterparties; half-year results (Jan-Jun)

Chart 6: Secondary activity up across the board

Growth in Canada domestic bond trading by sector

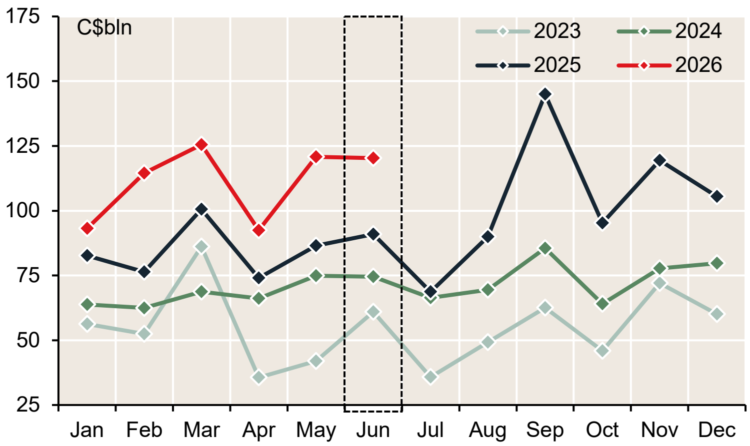


Source: NBC, CIRO | Note: All dealers, all counterparties

While the Government of Canada still accounts for >80% of total secondary trading, activity has picked up across the board. In the first half of 2026, Crown bond volumes vaulted 30% higher (vs. 2025:H1). You'll see double-digit growth in all other major sectors, generally consistent with a well-functioning and liquid domestic bond market (despite elevated geopolitical uncertainty). Note that June's outsized 'hyperscaler' supply not only bolstered corporate volumes but likely contributed to marginal trade in competing sectors (as some bonds likely came out against these new issues).

Chart 7: Unprecedented Crown volumes

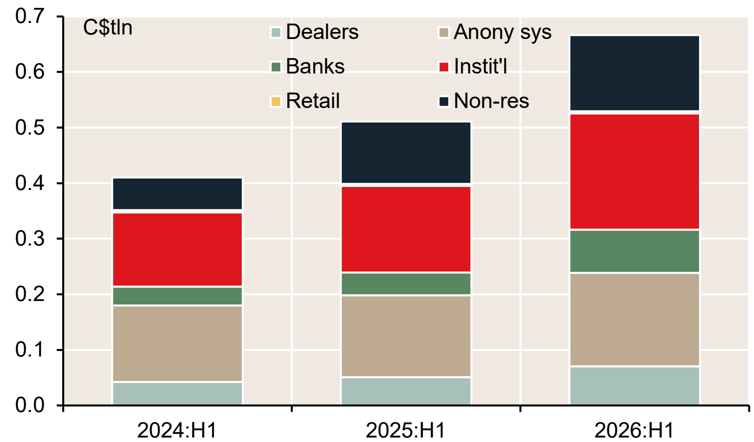
Monthly pattern of Canada domestic bond trading: Crowns



Source: NBC, CIRO | Note: All dealers, all counterparties

Chart 8: All major investor types more active in Crowns

Year-to-date Canada domestic bond trading by counterparty type: Crowns

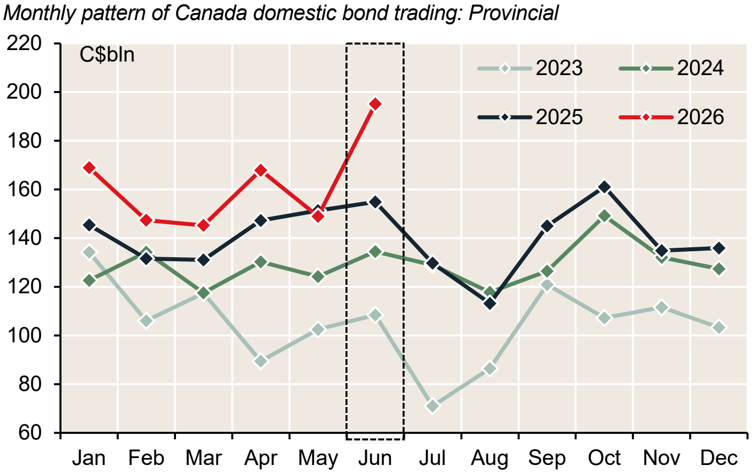


Source: NBC, CIRO | Note: All dealers; Jan-Jun

No sector has seen secondary trading volumes grow faster than Crowns. The annual limit on gross CMB issuance has stepped up and after controlling for GoC purchases the available stock of CMBs is growing again. There has likewise been healthy activity in Canada's PSE sector, with secondary bond trading volumes for certain of these issuers included in the Crown category.

Chart 9: Provincial bond volumes spiked in June

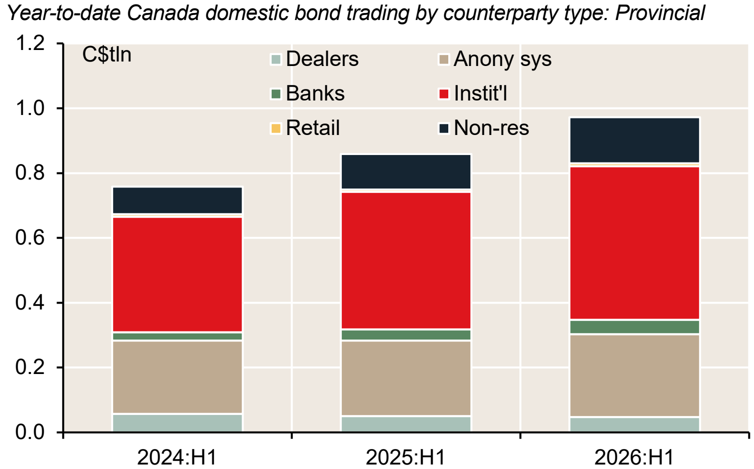
Monthly pattern of Canada domestic bond trading: Provincial



Source: NBC, CIRO | Note: All dealers, all counterparties

Chart 10: Domestic clients & non-res drove provi vol higher

Year-to-date Canada domestic bond trading by counterparty type: Provincial

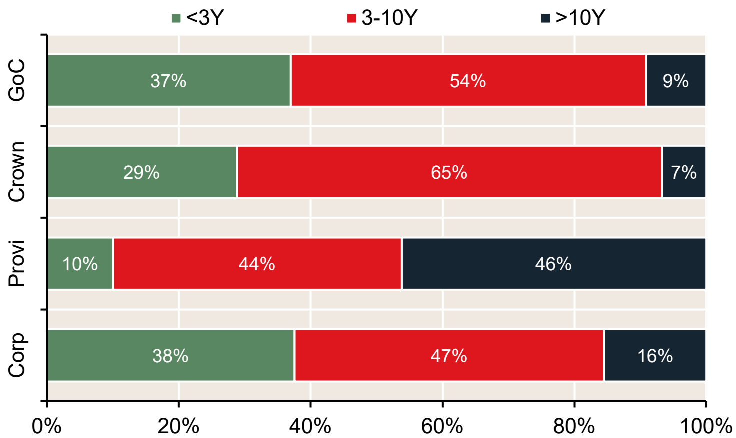


Source: NBC, CIRO | Note: All dealers; Jan-Jun

The strategically important provincial market saw record trade in June, with the 'hyperscaler' effect likely contributing. There's seasonality in provi land, with primary supply and secondary volumes typically slowing in the summer. But all things being equal, the provi market remains relatively liquid, with healthy two-way flow and the bulk of the YTD volume increase driven by end investors.

Chart 11: Unique liquidity characteristics by bond sector

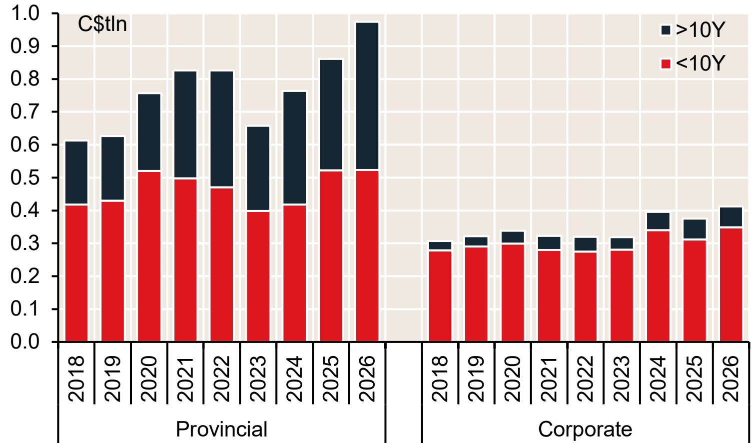
Individual share of Canada domestic bond trading by tenor: 2026:YTD



Source: NBC, CIRO | Note: All dealers, all counterparties; Jan-Jun

Chart 12: Growing share of provi vol in long(er) end

Year-to-date Canada domestic bond trading: Provincial & corporate

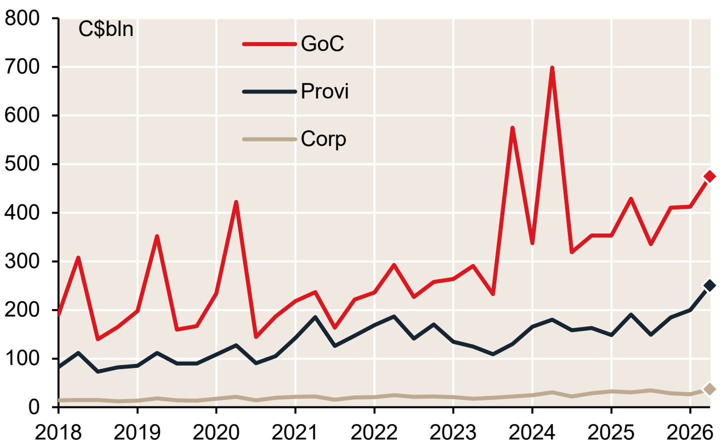


Source: NBC, CIRO | Note: All dealers, all counterparties; Jan-Jun

Secondary trading characteristics, including the volume skew by tenor, varies significantly from one issuer category to another. For the Government of Canada and Crown sectors, over 90% of total trading relates to bonds with a term to maturity of 10Y or less. It's a fundamentally different story in provincials, where longer-dated securities account for a growing share of total secondary trading.

Chart 13: Focus on long(er) term bond volumes

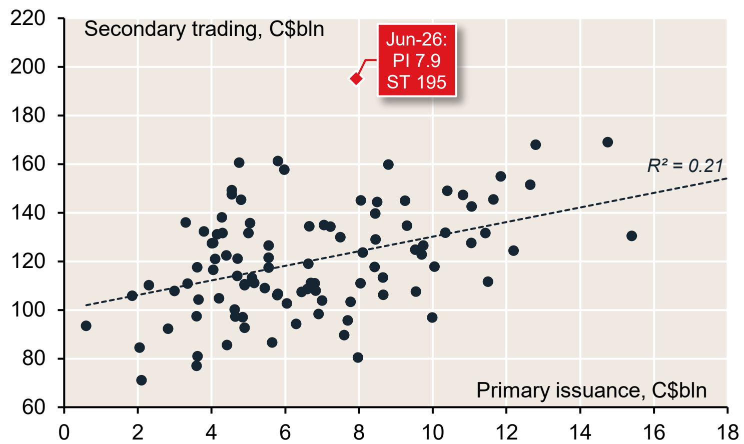
Quarterly Canada domestic bond trading by sector: >10Y tenor



Source: NBC, CIRO | Note: All dealers, all counterparties; quarterly to 2026:Q2

Chart 14: Issuance doesn't fully explain provi volume surge

Monthly provincial bond trading & gross domestic issuance

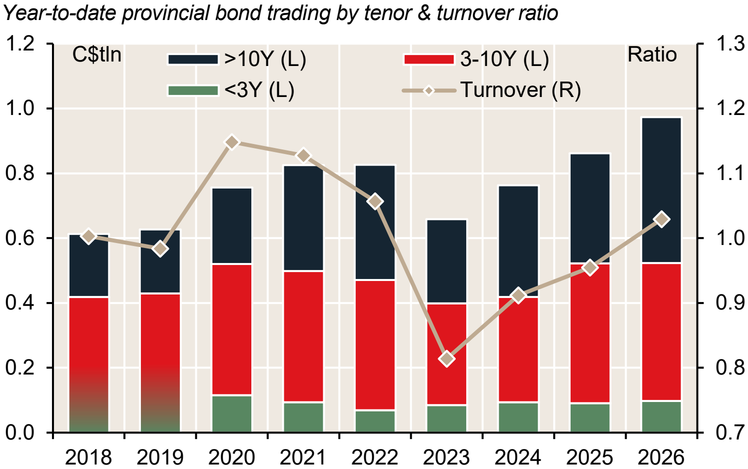


Source: NBC, CIRO, BBG | Note: Jan-18 to Jun-26; volume is all dealers, all counterparties

In the 'over 10Y' part of the curve, total provincial bond volumes outstrip long corporate volumes by a ratio of 7:1. Yes, provincial governments regularly bring their own longer-dated supply, which can enable/facilitate secondary trading. But in provincials and municipals (if not elsewhere), corporate new issue out-trades likely contributed to (some of) June's extraordinary trading spike.

Chart 15: Provincial bonds turning over more frequently…

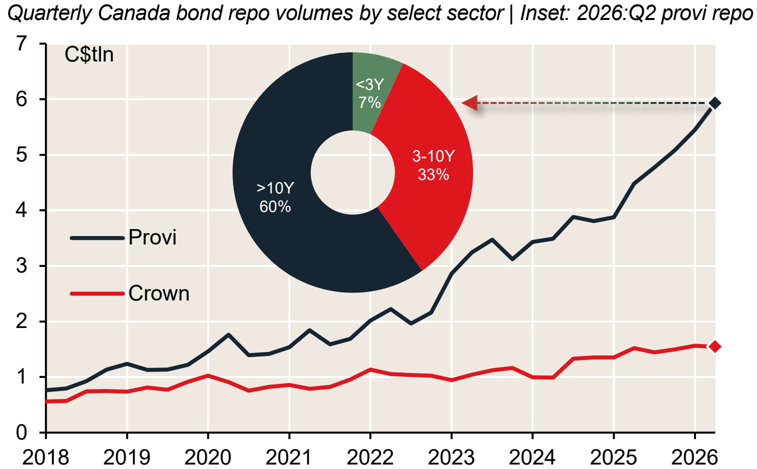
Year-to-date provincial bond trading by tenor & turnover ratio



Source: NBC, CIRO, BBG | Note: All dealers, all counterparties; t/o is all tenors; Jan-Jun

Chart 16: … while provi bond repo volume has surged

Quarterly Canada bond repo volumes by select sector | Inset: 2026:Q2 provi repo

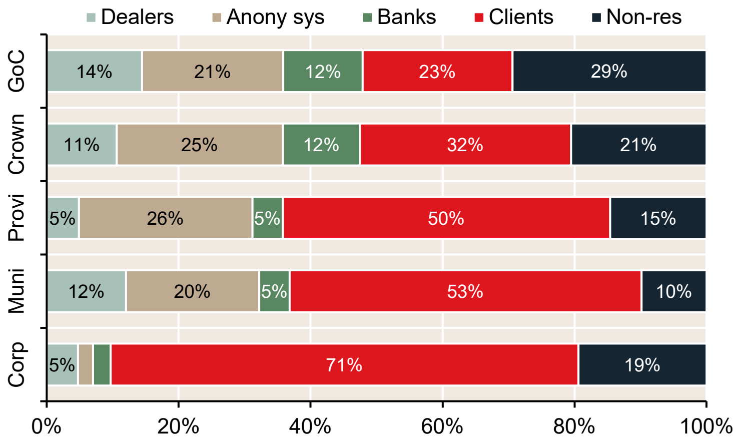


Source: NBC, CIRO | Note: All dealers, all counterparties; quarterly to 2026:Q2

Notwithstanding June's 'hyperscaler' noise, turnover in Canada's provincial bond market has moved up in recent years. A wider array of accounts are actively participating, including certain hedge funds. Of note, provincial bond repo volumes have exploded higher. Of the wholly unprecedented $5.9tln in provincial bond repo recorded in 2026:Q2, fully 60% was in the 'over 10Y' tenor.

Chart 17: Different investor types for different issuers

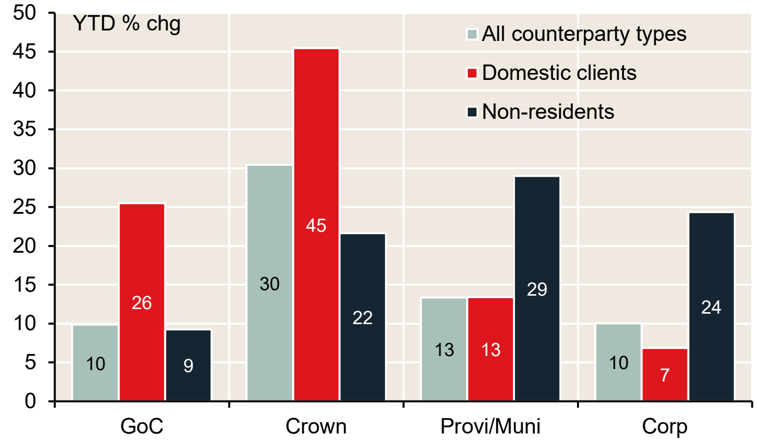
Individual share of Canada domestic bond trading by counterparty type: 2026:Q2



Source: NBC, CIRO | Note: All dealers; Jan-Jun

Chart 18: Perspective on YTD growth by counterparty type

Year-to-date growth in Canada domestic bond trading by sector/counterparty

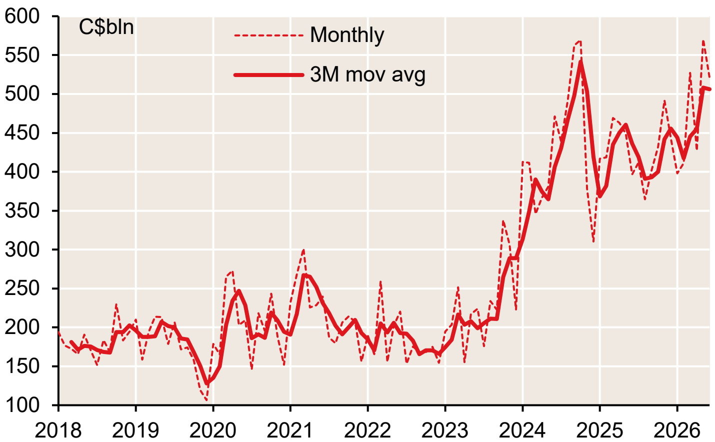


Source: NBC, CIRO | Note: All dealers; select sectors & counterparty types; Jan-Jun

As we've routinely highlighted, the GoC bond market has attracted considerable foreign investor interest. Non-residents have absorbed a material share of net new supply and, in secondary, accounted for nearly 30% of total GoC bond trading in 2026:H1—higher than any other sector. Saying that, foreign engagement has stepped up in Crowns, provincials, municipals and corporates.

Chart 19: Non-residents trading a lot of GoC bonds

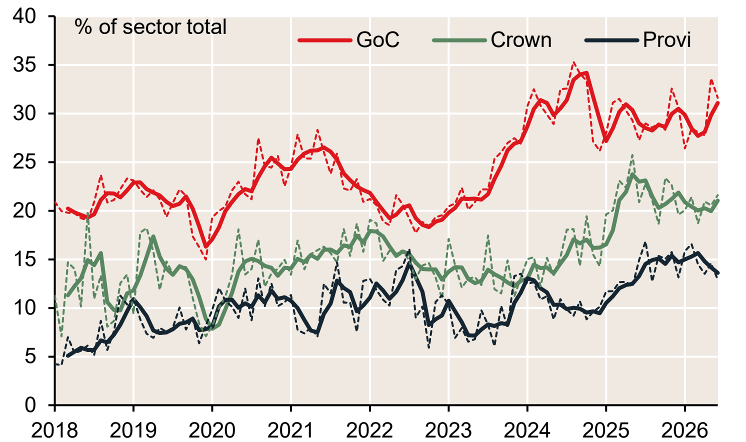
Canada domestic bond trading by non-residents: GoC bonds only



Source: NBC, CIRO | Note: All dealers; monthly to Jun-26

Chart 20: Tracking the non-res footprint by select sector

Non-resident share of Canada domestic bond trading by select sector

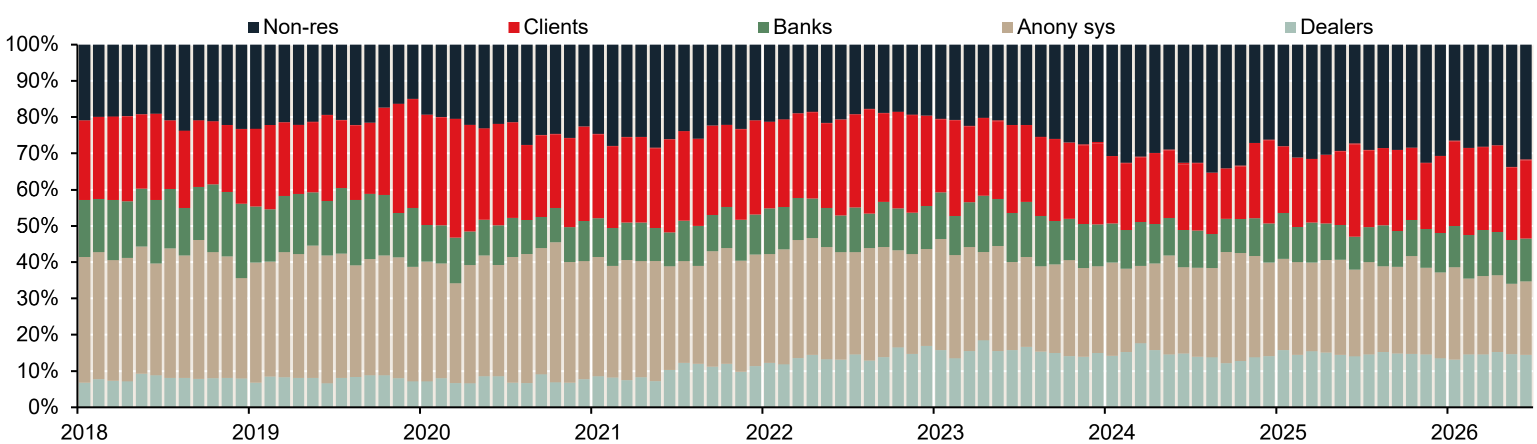


Source: NBC, CIRO | Note: All dealers; heavy lines are 3M mov avg; monthly to Jun-26

After the GoC, the next highest non-resident share of total trading is found in Crowns, where the gold-plated and large/liquid CMB program has long attracted material foreign investor interest. Provinces can directly trace 15% of YTD bond trading to non-resident accounts. But as a group, provinces have taken on added exposure to foreign investors via record amounts of international (i.e., non-CAD) issuance. At the margin, the ability to divert large swaths of primary supply away from the home market can help explain today's historically tight provincial government G-spreads.

Chart 21: Shifting composition of GoC bond trading over time

Monthly share of Canada domestic bond trading by counterparty type: GoC bonds only



Source: NBC, CIRO | Note: All dealers; excludes volume with issuer; monthly to Jun-26

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