Debt Management Report

1997

Canada

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Department of Finance Canada   Ministère des Finances Canada

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Highlights

At the end of March 1997, the gross federal debt totalled $641 billion, or $583 billion net of the government's financial assets. The annual cost of servicing the gross debt is currently about 30 per cent of total federal spending. The size of the debt and the cost of debt service underscore the fact that prudent management of the public debt is of crucial importance to all Canadians.

The 1996-97 fiscal year saw the first financial surplus[1] for the Government of Canada since 1969-70. This means that the federal government did not need to borrow any new money from financial markets and, in fact, recorded a financial surplus of $1.3 billion (excluding foreign exchange transactions). Furthermore, the federal fiscal deficit[2] came in at $8.9 billion for 1996-97, almost $20 billion lower than the previous year. As a result of the lower-than-expected deficit in 1996-97, Canada's debt-to-GDP ratio fell to 73.1 per cent, the first significant reversal after 25 years of increases.

Over the first eight months of the current fiscal year, the federal government recorded a budgetary surplus of $1.4 billion and a financial surplus of $5.7 billion excluding foreign exchange transactions. Including foreign exchange transactions, there was a financial surplus of $11.3 billion. However, caution should be exercised in extrapolating these monthly results to gain an assessment of the possible outcome for the year as a whole. Some of the improvement to date was due to special factors or to one-time developments.

Due to the improved fiscal picture, the government has been able to begin paying down its market debt. Over the April to November period, the federal government had repaid $11.5 billion of its market debt (this includes the financial surplus of $11.3 billion and a $0.2 billion reduction in the government's cash balances).

As a key part of putting Canada's financial house in order, reforms have been made to the structure of the debt stock. The fixed-rate debt[3] target of 65 per cent has now been achieved. A higher proportion of fixed-rate debt provides protection against unexpected changes in interest rates and brings Canada in line with other major sovereign borrowers.

A strategic objective is the development and maintenance of a well-functioning domestic capital market. Canada's capital market is one of the most efficient capital markets in the world after the United States. Turnover ratios of Government of Canada securities are high, and bid-offer spreads are low.

An important recent priority has been maintaining liquidity and market integrity in an environment of declining financial requirements. A key element has been consultations with market participants on addressing these issues. The following steps have been taken:

- Treasury bill issuance frequency and the maturity pattern has been changed from weekly to bi-weekly, thereby increasing tender sizes, and the maturity of the 3-month Treasury bill was lengthened by seven days to 98 days;
- A discussion paper on auction surveillance was released in December 1996. A second discussion paper containing the intended revisions to auction rules to prevent squeezes[4] in the primary market for Government of Canada securities will be published shortly; and
- Discussions with market participants on potential measures to address disruptive manipulative behaviour in the secondary market for Government of Canada securities have been initiated.

The government's plan is to consult extensively with market participants on the marketable debt programs and to adjust them progressively over the coming years. Discussions on changes to the bond program have been initiated and the first set of adjustments will be announced in the government's 1998-99 federal debt strategy.

Borrowing in foreign currencies will continue to finance Canada's international reserves.

1 A financial surplus is the amount by which cash receipts exceed cash outlays. A financial requirement is the amount by which cash outlays exceed cash receipts.

2 A fiscal deficit is the shortfall between government revenues and budgetary expenditures.

3 The share of the gross federal debt that is maturing or being repriced in more than 12 months from now.

4 A squeeze is where one or more market participants obtain a controlling position in an issue of securities and use that control to manipulate the price.

Overview

The *Debt Management Report* provides an overview of current federal debt management strategy, the status of the federal debt programs as at November 30, 1997, and a review of federal debt operations for 1996-97.

The report is divided into the following sections:

- the federal debt management environment, including the size and structure of the debt, and the current fiscal environment;
- an overview of current federal debt management strategy and the federal debt managers;
- current and ongoing debt management issues and initiatives taken to address them;
- details on the federal debt programs;
- the distribution of holdings of Government of Canada market debt;
- a review of the government's domestic and foreign-currency debt operations in 1996-97; and
- a statistical summary of 1996-97 federal and agency debt operations.

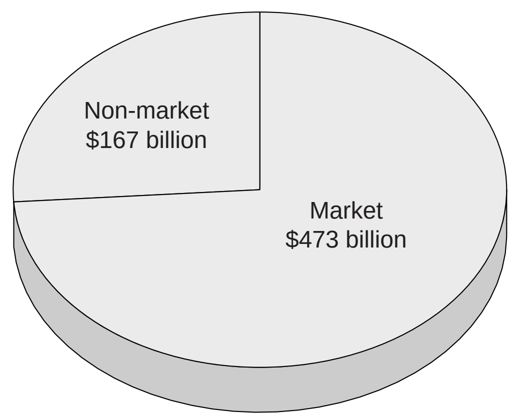
The Federal Debt Management Environment

Size and Structure of the Federal Debt

At the end of March 1997, gross federal debt totalled $641 billion, or $583 billion net of the government's financial assets. As a share of Canada's economy (gross domestic product), the net debt dropped to 73.1 per cent, down from 74.0 per cent in 1995-96. The gross federal debt is made up of two major components: non-market debt and market debt. Non-market debt includes the government's internal debt which is, for the most part, federal public sector pension liabilities, the government's current liabilities (such as accounts payable, accrued liabilities, interest and payment of matured debt), and bonds issued to the Canada Pension Plan. At March 31, 1997, non-market debt stood at $167 billion.

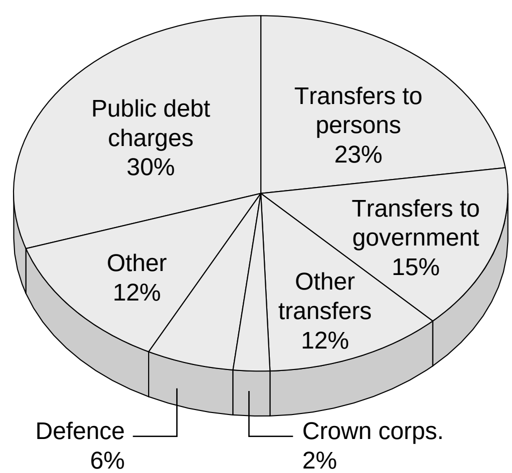
Market debt is the portion of debt that is funded in the public markets and includes marketable bonds, Treasury bills, retail debt (primarily Canada Savings Bonds) and foreign-currency-denominated bonds and bills. At March 31, 1997, market debt outstanding was $473 billion (see Chart 1).

Chart 1
Gross Federal Debt 1996-97



Source: Department of Finance

Chart 2
Budgetary Expenditures 1996-97



Source: Department of Finance

The annual cost of servicing the gross debt is currently about 30 per cent of total federal spending (see Chart 2). Due to the composition of the debt stock, variations in interest rates can significantly affect total debt costs. The size of the debt and the cost of debt service underscore the fact that prudent management of the public debt is of crucial importance to all Canadians.

Fiscal Environment

Over the past four years, the government has succeeded in dramatically reducing the fiscal deficit. In 1993-94, the deficit was $42 billion, or about 6 per cent of gross domestic product (GDP). In 1996-97, the deficit came in at $8.9 billion – almost $20 billion lower than the previous year, and the largest year-over-year improvement in Canadian history. At 1.1 per cent of GDP, it is the smallest federal government deficit in over two decades. As a result, Canada's financial requirements were eliminated in 1996-97. In fact, the federal government recorded its first financial surplus ($1.3 billion) since 1969-70 and was the only Group of Seven (G-7) country to do so. This means that, for the first time in 27 years, the government did not have to borrow new money in financial markets to pay for ongoing programs and interest on the public debt.

As a result of the lower-than-expected deficit in 1996-97, Canada's debt-to-GDP ratio fell to 73.1 per cent, the first significant reversal after 25 years of increases. Despite this progress, the federal government's total public debt remains very high – second highest of the G-7 countries.

During the first eight months of the current fiscal year, the federal government had a financial surplus of $11.3 billion (including foreign exchange transactions). As a result of the surplus and a rundown in the level of the government's cash balances, the Government of Canada has been able to retire $11.5 billion of market debt during the first seven months of the current fiscal year (includes the financial surplus of $11.3 billion and a $0.2 billion reduction in the government's cash balances).

Federal Debt Management Strategy

Debt Management Objective

The fundamental debt management objective is to raise stable, low-cost funding for the government. A key strategic objective is the maintenance of a well-functioning domestic capital market. The government's debt management strategy involves striking a balance between cost, risk and market considerations.

All funding required for the government's operations is raised in the domestic market to limit risk and to benefit from the government's inherent advantage as the premier credit in this market. The government borrows in the domestic market on a regular, pre-announced basis.

The government borrows outside Canada in foreign currencies solely to fund Canada's foreign exchange reserves. Foreign borrowings will be covered later in the report.

Federal Debt Managers

The Department of Finance, in conjunction with the Bank of Canada and the government's retail debt agency Canada Investment & Savings (CI&S), manages the federal market debt. The Financial Markets Division of the Department of Finance provides analysis, and develops policies and recommendations for the federal government's borrowing programs, including the borrowings for official reserve purposes, and for the management of financial risks.

The Division works in partnership with the Bank of Canada, the government's fiscal agent, on all aspects of debt management. The Bank of Canada, as fiscal agent, is specifically responsible for the operational aspects of debt management such as conducting the auctions of government debt, issuing the debt instruments and making interest payments. The Bank also takes responsibility for monitoring market activities and advising on debt management policy issues, as well as co-ordinating risk management activities.

Major operating decisions and policy recommendations on the management of the wholesale portion of the debt generally represent a consensus between the Bank of Canada and the Department of Finance, for approval by the Minister of Finance.

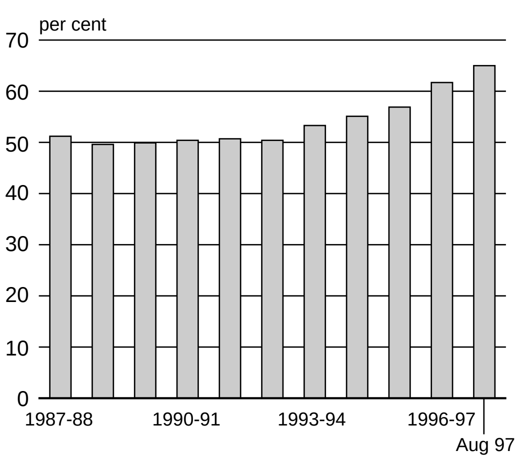
Primary responsibility for the management of the retail debt portion of the federal market debt is carried out by CI&S. CI&S is a special operating agency of the Department of Finance, and is responsible for achieving the fundamental debt management objective of stable, low-cost funding by developing and implementing the retail component of the federal government's domestic debt program.

Current Debt Management Issues

Achieving Cost Stability

A major focus for the past several years has been achieving greater stability of debt servicing costs and protecting the government from unexpected market disruptions. Greater cost stability has been achieved by increasing the share of the government's gross debt in fixed-rate form (i.e. debt maturing or being repriced in more than 12 months). In August 1997, the fixed-rate target of 65 per cent set in 1995 was achieved (see Chart 3).

Chart 3
Fixed-Rate Share of Gross Debt



Source: Department of Finance

Canada's large debt stock is exposed to interest rate changes originating from events in Canada and around the world. Interest rate shocks can significantly affect the level of annual debt charges. A prudent debt structure is essential in protecting the government from unexpected changes in interest rates and maintaining investor and credit rating agency confidence.

Maintaining Liquidity and Market Integrity

A strategic objective of the federal debt managers is the maintenance of orderly, liquid and efficient markets. An important priority over the past year has been the maintenance of liquidity and market integrity. In view of declining borrowing requirements, these will continue to be important priorities for the federal debt managers. Initiatives taken to date by the government include:

- ongoing discussions with market participants on the both the Treasury bill and marketable bond programs, resulting so far in changes to the Treasury bill program;
- a discussion paper on proposed changes in the rules for auctions of Government of Canada securities, and the preparation of a second discussion paper containing the intended changes to the auction rules; and
- discussions with the Investment Dealers Association on ensuring the integrity of the secondary market for Government of Canada securities.

After extensive consultations with market participants, the government announced in August 1997 a change in the issuance pattern of Treasury bills to maintain liquidity in the Treasury bill market in view of declining borrowing requirements and the shift to a higher fixed-rate proportion of the debt. Beginning on September 18, the weekly cycle of Treasury bill auctions was replaced by a two-week cycle, and the maturity of the 3-month Treasury bills was lengthened by seven days to 98 days. In order to support active when-issued trading of Treasury bills to be auctioned, the government announces minimum tender sizes for 3-, 6- and 12-month Treasury bills two weeks before the auction and the final tender size one week prior to the auction.

The Department of Finance and the Bank of Canada are currently consulting with market participants on structural adjustments to the marketable bond program to ensure the maintenance of a liquid market within an environment of declining financing needs.

Given the recent manipulative behaviour in the Government of Canada securities market, maintaining market integrity has become an important priority for the government. Manipulative behaviour by participants can lead to a drop in investor participation to the serious detriment of the market. In order to maintain the integrity of the primary market, the Bank of Canada and Department of Finance released in December 1996 a discussion paper proposing changes in the rules for auctions of Government of Canada securities. The paper is aimed at reinforcing the integrity of the auction process and enhancing participation in it. The proposals include both a number of changes in auction rules and an increase in Bank of Canada auction-related monitoring activities designed to reduce the potential for manipulative behaviour prior to and during auctions.

After receiving comments and discussing the proposed changes with market participants, a second discussion paper on the integrity of the auction process is being prepared and will contain the intended revisions to auction rules to prevent squeezes in the primary market for Government of Canada securities.

In the context of the secondary market, the Department of Finance and the Bank of Canada have begun discussions with the Investment Dealers Association Capital Markets Committee. There is agreement among all parties that manipulative behaviour is not in the overall interest of the markets, and that effective sanctions are necessary to maintain market integrity. Progress has been made on this front.

Improving Retail Products and Distribution

In the February 1995 budget, the federal government announced the creation of a new retail debt agency (Canada Retail Debt Agency) to revitalize the government's domestic retail program and to provide individual investors and savers with greater access to Government of Canada securities.

The agency was staffed with a combination of private and public sector experts in the retail investment marketplace and was officially launched in September 1996 under a new name, Canada Investment and Savings (CI&S). The Agency is responsible for directing and operating the country's largest retail debt program and for developing its long-term strategy, as part of the government's overall debt management.

CI&S's immediate goal was to take action to stop the decline in the retail holdings of domestic Government of Canada securities. According to CI&S studies, the share of federal debt held by retail investors had decreased steadily between 1988 and 1996 from 33 per cent to about 21 per cent.

During its first two years of operation, CI&S has taken several steps towards stabilizing and rebuilding the government's retail debt program. In 1996, for example, CI&S introduced longer term escalating rate pricing and increased the amount Canadians could buy of Canada Savings Bonds (CSBs). Gross CSB sales that year totalled $5.7 billion, an increase of 24 per cent over 1995 gross sales.

Last winter, the Agency launched the first new retail product in 50 years for the highly competitive registered retirement savings plan (RRSP) market. Canada RRSP Bonds also featured longer term pricing but with less liquidity. RRSP sales, as expected, were modest given the task of breaking into a very competitive market, and an environment of robust equity markets and historic low interest rates.

New for the fall 1997 CSB campaign was the introduction of a registered retirement income fund (RRIF) option for CSBs. Funds in a retirement savings plan (like RRSPs) must be transferred, by law, to a retirement income plan, such as a RRIF or annuity, by the end of the year the investor turns age 69 in order for the funds to remain tax sheltered. Funds in a RRIF retain their tax-sheltered status until they are withdrawn. The investor controls the timing and amount withdrawn, subject to an annual minimum amount. The investments that can be held in this fund include Canada Savings Bonds and Canada RRSP Bonds.

In addition to expanding the number of products available to consumers, CI&S has improved the quality and user friendliness of its Payroll Savings Plan, a salary deduction plan used to purchase CSBs. Piloted in 1996, the new Payroll Savings Plan streamlines the administration of the payroll plan and, as a result, reduces employer workload by up to 80 per cent. In 1997, the new Payroll Savings Plan was rolled out to about 15 per cent of the company base, reaching 150,000 Canadians. A further rollout of this new plan is scheduled for 1998.

In 1997, CI&S negotiated a new compensation package for all sales agents which was in line with market practice for debt instruments, such as guaranteed investment certificates (GICs). This compensation package is more directly linked to the length of time the funds are invested in these retail debt products, and will help the government operate its retail debt program cost-effectively.

Table 1

Major initiatives undertaken to promote efficient Canadian capital markets

Federal Debt Program

- Building large benchmark issues at 2-, 5-, 10- and 30-years
- Making debt strategy and operations transparent
- Using common coupon dates
- Book-based electronic clearing and settlement
- Changing from weekly to bi-weekly T-bill auctions to enhance liquidity

Domestic Market

- Promoting the development of Government of Canada bond and bill futures contracts, and repo, strip and swap markets
- Supporting improved market price transparency and effective debt clearing systems

Ongoing Debt Management Issues

Market Development

A key strategic objective in achieving the fundamental federal debt management objective of raising stable, low-cost funding is the maintenance of a well-functioning domestic capital market.

The government's market development initiatives fall into two categories:

- making continuous improvements in the federal debt program; and
- providing active support for broader market initiatives.

Table 1 provides a summary of major initiatives.

Ongoing Federal Debt Program Initiatives

A transparent debt strategy, pre-announcing auction calendars and building large bond benchmarks are key elements in improving the liquidity, transparency and efficiency of the Canadian bond market.

Annual debt strategy and quarterly bond auction schedule announcements are made to increase the market's knowledge about future debt operations to promote efficiency in the market. The debt strategy announcement includes the target for the fixed-rate share of the debt and the specifics about the major elements of the debt program. The 1997-98 debt strategy press release (released March 13, 1997) announced the following:

- the 65-per-cent fixed-rate target expected to be achieved in 1998;
- bond program up to 25 per cent lower than the previous year and Treasury bill stock around 10 per cent lower;
- size ranges for the issuance of bonds and the stock of Treasury bills;
- elimination of issuance of 3-year bonds due to bond program downsizing;
- continuance of regularly publishing the quarterly bond auction calendar; and
- continuance of building large benchmark bonds at the 2-, 5-, 10- and 30-year maturities, with target sizes of $7-10 billion.

Ongoing Domestic Market Initiatives

Beyond the design and implementation of the federal debt program, the government pursues greater liquidity and efficiency through support for private sector initiatives in the domestic fixed-income market.

In particular, the Department of Finance and the Bank of Canada have worked with the Montreal Exchange and the investment community in developing a liquid domestic Government of Canada futures market. There is a highly successful futures contract based on 3-month Bankers' Acceptance rates (the BAX contract) and active ten-year and five-year Government of Canada bond futures contracts (the CGB and CGF contracts). The federal government continues to provide support to initiatives aimed at promoting the Government of Canada futures market.

The government has also provided support for improved market price transparency by supporting the development of a screen-based information system on prices and trades in the secondary market in Government of Canada securities.

The efficiency of the Canadian market has been improved through the placement of all Government of Canada Treasury bills and bonds on an electronic clearing and settling system. Federal government bonds were placed on the Debt Clearing System (DCS) of the Canadian Depository for Securities (CDS) in 1994, and Treasury bills were put on DCS in November 1995.

The government has also helped the development of the Government of Canada strip bond market by allowing the DCS to provide separate CUSIP (Committee on Uniform Security Identification Procedures) numbers for each cash flow and allowing the reconstitution of cash flows back into conventional bonds.

The government also provides ongoing support for initiatives that help promote the strip, swap and repo markets.

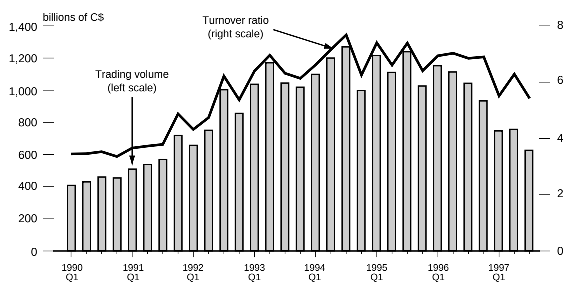
Government of Canada Securities Market

Canada's fixed-income market has become one of the most efficient in the world. Indicators of the efficiency, liquidity and depth of the market include tight bid-offer spreads for the various fixed-income instruments, the large volume of transactions, and high turnover ratios.

The volume of transactions in the Government of Canada bond has grown significantly over the last six years. The volume of transactions in the Treasury bill market had increased sharply from 1990 to 1995, but has since declined as the stock of Treasury bills outstanding has fallen. In the third quarter of 1997, total Treasury bill turnover was $623 billion, an increase of 53 per cent from the first quarter of 1990. The quarterly turnover ratio was 5.4 in the third quarter of 1997 (see Chart 4). Total marketable bond turnover was $1,320 billion in the third quarter of 1997, a 300-per-cent increase from the first quarter of 1990. The quarterly turnover ratio was 4.3 in the third quarter of 1997 compared to 2.6 in the first quarter of 1990 (see Chart 5).

Chart 4

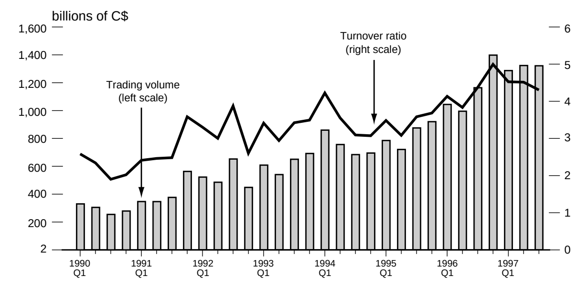
Government of Canada Treasury Bills
Trading Volume and Turnover Ratio



Trading volume is total trading volume in each quarter.
Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

Chart 5

Government of Canada Bonds
Trading Volume and Turnover Ratio

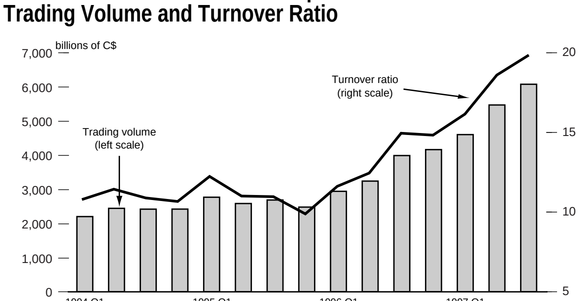


Trading volume is total trading volume in each quarter.
Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

The significant growth in the trading volume and turnover ratios in the repo market over the past two years provides further evidence of an extremely efficient Canadian government securities market. Since the first quarter of 1994, the total quarterly turnover for Government of Canada bond repos has increased from $2,194 billion to about $6,060 billion in the third quarter of 1997. Furthermore, the quarterly turnover ratio for bond repos is currently at 20 from about 11 in early 1994 (see Chart 6). The Treasury bill repo market is slightly less active than the bond repo market; nevertheless, it is quite efficient with total quarterly turnover in the third quarter of 1997 at $731 billion and a quarterly turnover ratio of 6.3 (see Chart 7).

Chart 6

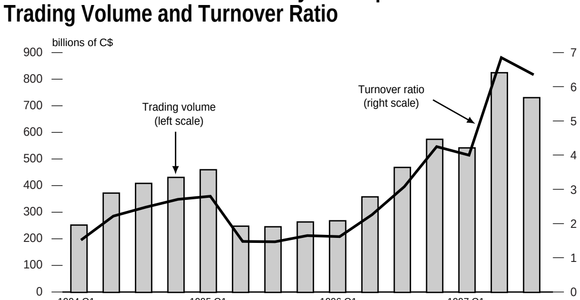
Government of Canada Bond Repos
Trading Volume and Turnover Ratio



Trading volume is total trading volume in each quarter.
Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

Chart 7

Government of Canada Treasury Bill Repos
Trading Volume and Turnover Ratio



Trading volume is total trading volume in each quarter.
Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

Federal Debt Programs

The federal government uses a variety of instruments to fund its operations. Details of each debt program are presented in the following pages.

Composition of Federal Market Debt

At November 30, 1997, outstanding market debt was comprised of $284.1 billion of fixed-coupon nominal bonds, $8.9 billion of Real Return Bonds (RRBs), $116.4 billion of Treasury bills, $21.7 billion of foreign currency-denominated securities, and $31.5 billion in retail debt (see Table 2).

Table 2

Composition of federal market debt (at November 30, 1997)

	(billions of C$)
C$-Denominated	
Fixed-coupon bonds	284.1
RRBs	8.9 [1]
Treasury bills	116.4
Retail debt	31.5
Foreign-Currency Denominated	
Canada Bills	7.7
Foreign bonds	11.6
Canada Notes	1.8
Euro medium-term notes	0.6
Total	**462.6**
of which is cross-currency swaps	2.8

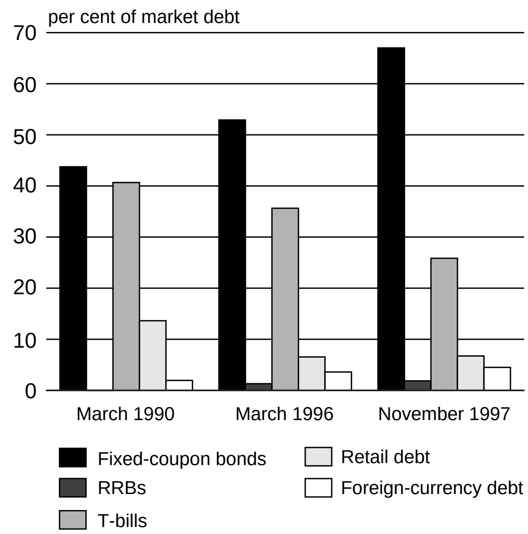
[1] Does not include the CPI adjustment so far this fiscal year.

The 65-per-cent fixed-rate target has led to a significant change in the composition of the federal debt and, consequently, a significant change in the average term-to-maturity of federal market debt.

At November 30, 1997, Canadian dollar fixed-coupon marketable bonds made up 61 per cent of market debt. This is a significant change from the 44-per-cent share at March 31, 1990 (see Chart 8).

Chart 8

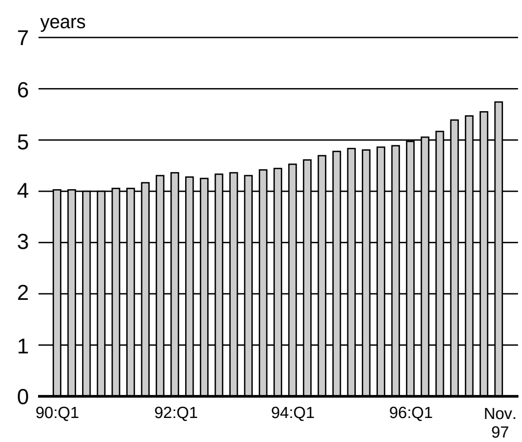
Changes in the Composition of Market Debt



The average term-to-maturity of federal marketable debt (market debt excluding retail debt) rose from 4.8 years in March 1995 to 5.5 years in March 1997 and 5.75 years in November 1997 (see Chart 9).

Chart 9

Average Term-to-Maturity of Marketable Debt



Domestic Debt Programs

Fixed-Coupon Marketable Bonds

Fixed-coupon marketable Government of Canada bonds are issued in Canadian dollars and pay interest semi-annually. The outstanding stock of these bonds was $284.1 billion at the end of November 30, 1997, representing the largest component (61 per cent) of the federal government's outstanding market debt.

The distribution of the outstanding stock of fixed-coupon marketable bonds is shown below in Table 3.

Table 3

Outstanding fixed-coupon marketable bonds (at November 30, 1997)

	billions of C$
0-2 years	72.3
2-5 years	79.4
5-10 years	72.7
10-30 years	59.7
Total	**284.1**

Real Return Bonds (RRBs)

In November 1991, the government introduced a program of Real Return Bonds whose return is linked to changes in the Consumer Price Index (CPI). This instrument represents cost-effective diversification of the marketable bond program for the government as the implied real rates on comparable nominal bonds generally exceed the real rate offered on RRBs. Real Return Bonds also have value for institutional investors whose long-term liabilities are related to the rate of inflation and for retail investors, principally for their RRSPs.

At November 30, 1997, the outstanding stock of RRBs was $8.9 billion (not including the CPI adjustment for the current fiscal year), including two issues of RRBs in the April to November 1997 period for a total of $900 million. The program for 1997-98 incorporates four RRB issues having a total issuance target of around $2 billion. RRBs are issued via quarterly single-price auctions.

Treasury Bills

Treasury bills with terms to maturity of three, six and 12 months are now offered on a bi-weekly basis. Prior to September 1997, Treasury bills were auctioned on a weekly basis. Cash management bills of shorter maturity than typical Treasury bills are issued from time to time to facilitate the management of the government's cash balances.

The Treasury bill stock has declined sharply over the first eight months of the fiscal year as the government has entered a period of financial sources. The Treasury bill stock at November 30, 1997 was $116.4 billion compared to $135.4 billion at March 31, 1997.

Retail Debt

Canada's retail debt program is managed by CI&S, a special operating agency within the Department of Finance.

There are currently two investment products within the retail debt program: CSBs which can be held within or outside RRSPs, and a new Canada RRSP Bond. The Canada RRSP Bond features longer-term pricing, but with less liquidity.

CSBs are offered for sale by most Canadian financial institutions for a limited time in the fall. The 1997 CSB campaign was successful, with gross sales amounting to $4.9 billion.

Foreign Currency Debt Programs

Strategy

Canada borrows in foreign currencies to raise foreign exchange reserves for the Exchange Fund Account (EFA). The EFA is a pool of assets that the Bank of Canada uses from time to time on behalf of the government to promote order and stability of the Canadian dollar in the foreign exchange market. Foreign exchange reserves are also held for general liquidity purposes.

The Minister of Finance announced in the 1996 budget that Canada's foreign exchange reserves would be raised modestly to account for higher flows in exchange markets and to bring Canada in line with other sovereigns. As of November 30, 1997, foreign-currency debt stood at US$15.6 billion. Including cross-currency swaps of domestic bonds, foreign-currency liabilities totalled US$17.6 billion at November 30, 1997. Canada's foreign-currency debt currently amounts to about 5 per cent of its outstanding market debt (see Table 4 for the composition of foreign-currency liabilities).

Table 4

Foreign currency liabilities (as at November 30, 1997)

	billions of US$
Canada Bills	5.5
Canada Notes	1.3
Floating Rate Note	2.0
LIBOR-25bps, due 15 February 1999	
Global Bonds	
6½% US$ bonds due 30 May 2000	1.5
6½% US$ bonds due 30 May 2001	1.0
6⅛% US$ bonds due 15 July 2002	1.0
6⅜% US$ bonds due 21 July 2005	1.5
6¾% US$ bonds due 28 August 2006	1.0
6⅝% NZ$ bonds due 3 October 2007	0.3
Euro medium-term notes	0.5
Total foreign-currency debt*	**15.6**
Cross-currency swaps	2.0
Total foreign-currency liabilities	**17.6**

* may not add due to rounding

Canada is a relatively scarce name in foreign debt markets, adding "rarity value" to Canadian issues in currencies other than the Canadian dollar. Limited reserve requirements allow Canada to be selective about the timing and size of its foreign debt issuance depending on market conditions.

The major objectives of Canada's reserve program are to raise adequate reserves, minimize the cost of carrying reserves, immunize foreign exchange and interest rate risk, and prudently manage refinancing risk. The government raises funds at a variety of maturities, and has developed a broad investor base.

Sources of Funds

The government raises foreign exchange reserves through a growing variety of flexible alternatives. Funding sources include the issuance of short-term debt through the Canada Bills and Canada Notes programs in the U.S. domestic market, longer-term fixed and floating rate bonds in the Euro and Global bond markets, a Euro medium-term note program (EMTN), and cross-currency swaps of domestic bonds.

In March 1997, Canada launched its EMTN program. The program diversifies the sources of cost-effective funding for Canada's foreign exchange reserves. Notes issued under the new program can be denominated in a range of currencies and structured to meet investor demand. Obligations are swapped to U.S. dollars, the primary currency held in the foreign exchange reserves. To date, the federal government has executed four transactions under the EMTN program:

- in July, a US$450 million 5½-per-cent five-year bond due January 30, 2001 which was sold to Japanese retail investors (US$50 million was retired in September 1997);
- in July, a Japanese yen 5 billion Australian dollar 3.30-per-cent reverse dual currency 10-year note (payment of principal is made in Japanese yen, while interest payments are made in Australian dollars) due January 31, 2008 which was sold to Japanese institutions;
- in November, a Danish Kroner 500 million 5½-per-cent seven-year bond due December 22, 2004 which was sold to European retail investors; and
- in November, a US$30 million deep discount 4.0-per-cent 10-year note due November 19, 2007 which was sold to Japanese institutional investors.

Since March 31, 1997, the federal government has also issued two global bonds, helping to refinance a US$2.0 billion Euro bond that matured on July 7, 1997:

- in July, a US$1.0 billion 6⅛-per-cent five-year global bond due July 15, 2002; and
- in October, a New Zealand $500 million 6⅝-per-cent 10-year global bond due October 3, 2007.

The government also used cross-currency swaps to raise additional reserves. In September, the government entered into a currency swap of C$347.5 million for US$250 million, maturing on September 3, 2002.

Distribution of Holdings of Government of Canada Debt

Domestic Holdings

Life insurance companies and pension funds, and chartered banks remain the sectors with the largest holdings of Government of Canada market debt (see Chart 10).

The share of market debt held by persons and unincorporated businesses has fallen almost 20 percentage points since 1990 from a share of 33 per cent to 14 per cent at the end of 1996.

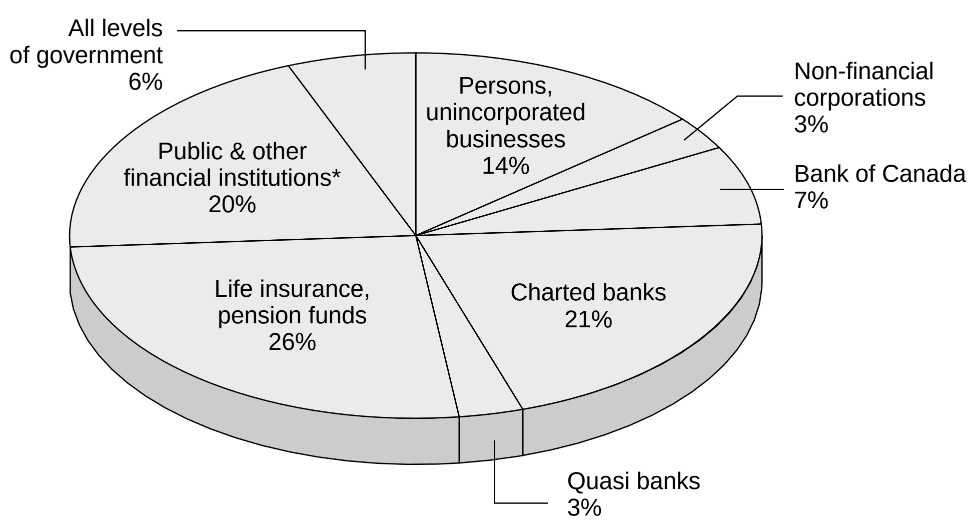
This has been mirrored by an increase in the share of market debt held by chartered banks, and by public and other financial institutions (primarily mutual funds). Chartered banks' share of holdings of market debt has increased from 9.5 per cent in 1990 to 21.5 per cent in 1996.

Bonds and bills held by public and other financial institutions also increased sharply over the 1990-1996 period – from 10.6 per cent to 20 per cent. Much of the increase in the share of market debt held by public and other financial institutions can be attributed to a significant increase in mutual funds' holdings – their holdings of bills increased 46 per cent in 1996, while their holdings of bonds rose 28 per cent.

Reference Table IV shows the evolution of the distribution of domestic holdings of Government of Canada debt over the past 20 years.

Chart 10

Distribution of Domestic Holdings of Government of Canada Market Debt, 1996



Total: $349 billion at December 31, 1996

*Includes investment dealers, mutual funds, fire and casualty insurance companies, sales, finance and consumer loan companies, accident and sickness branches of life insurance companies, other private financial institutions (not elsewhere included), federal public financial institutions, and provincial financial institutions.

Source: Statistics Canada, *The National Balance Sheet Accounts*

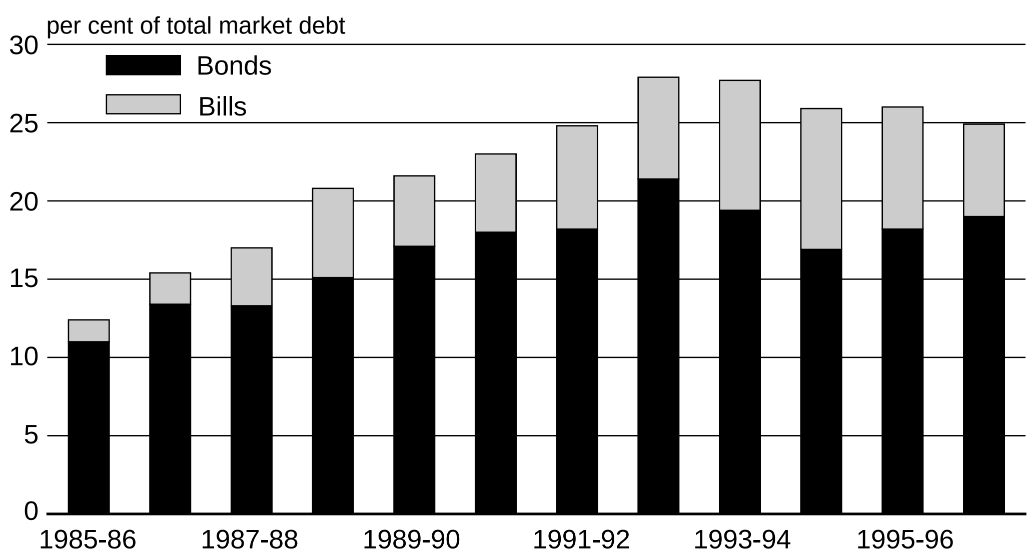
Non-Resident Holdings

Non-resident holdings of the Government of Canada's market debt are estimated to be $118.3 billion at the end of March 1997, down $3.1 billion from a year earlier. Non-resident holdings represented 25 per cent of the Government of Canada's total market debt at the end of 1996-97, up from the 15-per-cent share at the end of 1986-87, but down from the peak level of 28 per cent in 1992-93 (see Chart 11).

Non-residents holdings of bonds represented 19 per cent of Government of Canada market debt at the end of 1996-97, up 0.8 percentage points from its share at the end of 1995-96. Non-resident holdings of bills amounted to 5.9 per cent of total market debt at March 31,1997, down almost 2 percentage points from its share of 7.8 per cent one year earlier. In 1996-97, non-resident holdings of Government of Canada marketable bonds increased by $5.5 billion. Non-resident holdings of bills (Treasury bills and Canada Bills) declined by $8.6 billion over the fiscal year (see Reference Table V).

Chart 11

Non-Resident Holdings of Government of Canada Debt



Source: Statistics Canada, *Canada's International Transactions in Securities*

Results of 1996-97 Government of Canada Debt Management Operations and Cash Management

Overview

For 1996-97, the federal government recorded a financial surplus (excluding foreign exchange transactions) of $1.3 billion. Taking into account foreign exchange transactions, financial requirements were $6.5 billion.

The 1996-97 debt program's emphasis on longer-term financing increased the proportion of the outstanding stock of federal debt at fixed rates from 57 per cent to 62 per cent during the fiscal year. The increase was facilitated by falling financial requirements and was consistent with the government's fixed-rate target of 65 per cent. The debt program for 1996-97 is set out in Table 5.

Table 5

Fiscal 1996-97 debt program (billions of C$)

	Stock at 31/03/96	Net new securities	Stock at 31/03/97
Bonds	246.6	27.9	274.5
RRBs	6.1[1]	1.7	8.0[1]
Treasury bills	166.1	-30.7	135.4
Retail debt	30.5	2.0	32.5
Total domestic	449.3	0.9	450.4[1]
Foreign debt	16.8	6.2	23.0
Total market debt	**466.1**	**7.1**	**473.4**[1]

[1] Includes CPI adjustment of $0.2 billion

Domestic Debt

Fixed-Coupon Marketable Bonds

Net new issuance of fixed-coupon marketable bonds during the year totalled $27.9 billion (gross issuance less maturing issues), bringing the stock outstanding of marketable bonds to $274.5 billion as at March 31, 1997. In view of the government's objective to increase the fixed-rate share of the gross debt, the bond program was reduced only modestly through the year as financial requirements came in below forecast.

In 1996-97, $12.0 billion of two-year bonds, $11.1 billion of three-year bonds, $13.3 billion of five-year bonds, $11.8 billion of 10-year bonds and $5.8 billion of 30-year bonds were issued. The average term-to-maturity (ATM) of the fixed-coupon bond program for the year was 8.0 years which had the result of lengthening the ATM of the marketable debt stock over the year from 5.0 to 5.5 years.

Real Return Bonds (RRBs)

Issuance of RRBs in 1996-97 totalled $1.7 billion through four issues, bringing the level outstanding of RRBs to $8.0 billion as at March 31, 1997 (includes $0.2 billion in CPI adjustment). Issuance in 1996-97 exceeded the $1.35 billion issued in 1995-96.

Treasury Bills

The stock of outstanding Treasury bills decreased by $30.7 billion during the 1996-97 fiscal year to a level outstanding of $135.4 billion at March 31, 1997. Reduced issuance of Treasury bills reflected the lower-than-expected financial requirements for the year – the most flexible portion of the debt program to deal with intra-year developments is the Treasury bill program. In order to help enhance the liquidity of Treasury bills in the face of reduced bill issuance, the government introduced in July 1996 fungible 6-month Treasury bills which are issued one week and then reopened at the next auction. The change was similar to the introduction in 1993 of fungible 1-year Treasury bills.

Canadian Dollar Interest Rate Swaps

No new domestic interest rate swaps were entered into to raise domestic floating rate funding in 1996-97.

Retail Debt

Gross CSB sales during the 1996 campaign were $5.7 billion. The net increase in retail debt during 1996-97 was $2.0 billion.

Foreign-Currency Debt

As of March 31, 1997, foreign-currency liabilities stood at US$18.4 billion – US$16.6 billion in foreign-currency debt and US$1.8 billion in cross-currency swaps (or equivalently, C$23.0 billion in foreign-currency debt and C$2.4 billion in cross-currency swaps). Foreign-currency debt outstanding consisted of Canada Bills, Canada Notes, a US$2.0 billion Floating Rate Note, and marketable bonds. Canada also obtains foreign-denominated funding through cross-currency swaps on domestic bonds. Cross-currency swaps outstanding at March 31 totalled US$1.8 billion (see Table 6 for composition of foreign currency liabilities).

Table 6

Foreign currency liabilities (at March 31, 1997)

	billions of US$
Canada Bills	6.1
Canada Notes	1.5
Floating Rate Note	2.0
Global bonds	7.0
Cross-currency swaps	1.8
Total	**18.4**

Canada Bills

Consistent with the government's decision in the 1996 budget to raise the level of foreign exchange reserves, the level of outstanding Canada Bills increased from US$5.1 billion to US$6.1 billion during 1996-97.

Canada Notes

The stock of outstanding U.S. medium-term notes, which the government began to issue in March 1996, increased from US$0.2 billion to US$1.5 billion during 1996-97.

Foreign Currency-Denominated Bonds

As of March 31, 1997, Canada had US$7.0 billion in fixed-rate bonds and a US$2.0 billion Floating Rate Note outstanding. US$2.0 billion of fixed-rate bonds were issued in the 1996-97 fiscal year.

The US$2.0 billion of fixed-rate bonds issued in 1996-97 consisted of two global bonds.

- On May 30, 1996, Canada issued a US$1.0 billion 6½-per-cent five-year global due May 30, 2001. The issue was well received by a broad, global investor base, which allowed it to be priced at 14 basis points over U.S. Treasuries.
- On August 28, 1996, Canada issued a US$1.0 billion 6¾-per-cent 10-year global due August 28, 2006. The issue was priced at 29 basis points over U.S. Treasuries and was positively received by the market.

The issues, which featured Canadian firms (RBC Dominion Securities for the five-year issue and ScotiaMcLeod for the 10-year issue) as joint lead and bookrunner, represented a major step forward in the usage of Canadian firms in the Global bond syndicate. In the second issue, Canadian firms were allocated over 30 per cent of the bonds.

Cross-Currency Swaps

In addition to the bond issues, the government entered into two cross-currency swaps in December 1996 to raise an additional US$1.0 billion in foreign exchange reserves at attractive funding levels. Cross-currency swaps of domestic obligations are an alternative to bond issues as a means of meeting the government's targets for longer-term foreign currency funding.

These swaps brought the total amount of cross-currency swaps outstanding as of March 31, 1997 to US$1.8 billion.

The Management of the Government's Cash Balances

The main priority in managing cash balances is to ensure that the government has sufficient cash to meet its operating requirements. This requires careful forecasting and monitoring of the daily flows, as well as an ongoing borrowing program to refinance maturing debt and to maintain the balances at the targeted level. There is inherent uncertainty in forecasting daily changes in cash balances, owing to the scope of the government's financial operations, the operations of the Bank of Canada, and the volatility of markets. This means that an adequate level of cash balances must be maintained at all times.

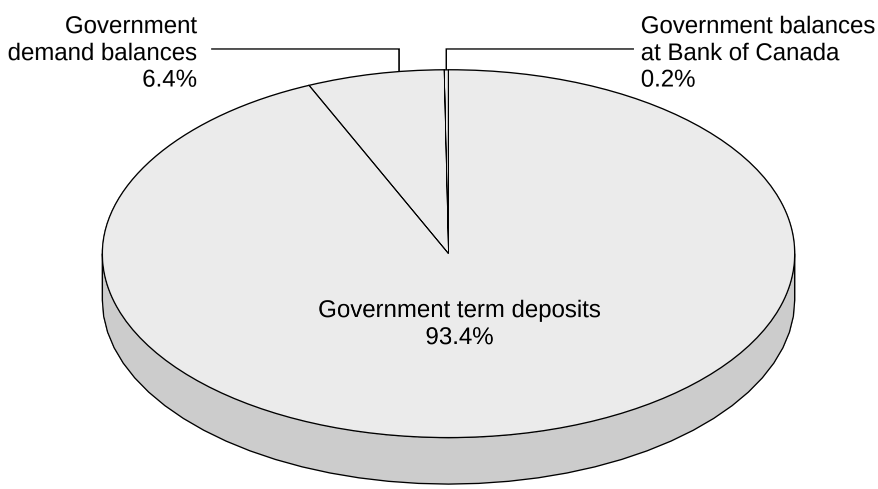
All cash balances are invested directly with clearing members of the CPA, as either term or demand deposits, through an auction process. In order to earn competitive market rates of return, balances in excess of daily operating requirements have been auctioned to direct clearers as term deposits since 1986. In 1989, the auction format was extended to demand deposits.

The level of the government's daily cash balances (term and demand) averaged $5.7 billion in fiscal 1996-97, slightly lower than the average daily cash balance of $6.0 billion in 1995-96 (see Chart 12 for composition of the government's cash balances in 1996-97).

As previously mentioned, cash balances are invested in the market. Term deposits, typically for terms ranging between one and seven days, averaged $5.3 billion, $100 million lower than the previous fiscal year. Earnings on term balances averaged 3.89 per cent, lower than the average of 6.19 per cent in the prior year but reflecting the decline in the call loan rate from 6.60 per cent to 3.92 per cent. Average demand balances, at $365 million, were $198 million lower than in 1995-96 and earned 2.99 per cent (compared to 4.66 per cent the previous year).

Chart 12

Average Level of Government of Canada Cash Balances, Fiscal Year 1996-97



Source: Department of Finance

Annex 1

Government of Canada Market Debt Instruments

Fixed-Coupon Marketable bonds

Effective October 1995, Government of Canada marketable bonds are issued in Global Certificate form only whereby a global certificate for the full amount of the bonds is issued in fully registered form in the name of CDS & Co., a nominee of the Canadian Depository for Securities Limited (CDS). The bonds must be purchased, transferred, or sold directly or indirectly through a participant of the Debt Clearing System (DCS) operated by CDS and only in integral multiples of $1,000 (face value). Prior to December 1993, Government of Canada bonds were issued in coupon bearer and fully registered form, and were available in denominations ranging from $1,000 to $1,000,000. Between December 1993 and September 1995, Government of Canada bonds were only issued in fully registered form. With the exception of the 3.75-per-cent bonds maturing March 15, 1998, all Canadian dollar marketable bonds are non-callable. All Canadian dollar marketable bonds pay a fixed rate of interest semi-annually.

Issues of government bonds are sold via public tender, with the Bank of Canada acting as the government's fiscal agent, to primary distributors made up of securities dealers that operate in Canada and are members of the Investment Association of Canada, and a small number of Canadian chartered banks. These sales are via multiple-price auction.

Government of Canada Real Return Bonds (RRBs)

Government of Canada Real Return Bonds pay semi-annual interest based upon a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on Real Return Bonds are adjusted for changes in the Consumer Price Index (CPI). The CPI, for the purposes of RRBs, is the all-items CPI for Canada, not seasonally adjusted, published monthly by Statistics Canada. The semi-annual nominal coupon payments are calculated as follows:

$\text{coupon payment}_i = \text{real coupon rate}/2 * (\text{principal} + \text{inflation compensation}_i)$

where $\text{inflation compensation}_i = ((\text{principal} * \text{reference CPI}_i/\text{reference CPI}_{base}) - \text{principal})$

Reference CPI for the first day of any calendar month is the CPI for the third preceding calendar month. The reference CPI for any other day in a month is calculated by linear interpolation between the reference CPI applicable to the first day of the month in which such day falls and the reference CPI applicable to the first day of the month immediately following. The reference CPI_{base} for a series of bonds is the reference CPI_i applicable to the original issue date for the series.

At maturity, bondholders will receive, in addition to a coupon interest payment, a final payment equal to the sum of the principal amount and the inflation compensation accrued from the original issue date; i.e.

$\text{final payment} = \text{principal} + ((\text{principal} * \text{reference CPI}_{maturity}/\text{reference CPI}_{base}) - \text{principal})$

These bonds must be purchased, transferred, or sold directly or indirectly through a participant of the DCS and only in integral multiples of $1,000 (face value). New issue distribution is through single-price auction to primary distributors.

Canada Savings Bonds (CSBs)

CSBs are currently offered for sale by most Canadian financial institutions for a limited time in the fall of each year. To facilitate their purchase, many Canadians elect to purchase CSBs through payroll deductions.

Except in certain specific circumstances, Canada Savings Bonds can only be registered in the name of residents of Canada, and are available in both regular interest and compound interest forms. Denominations range from $100 to $10,000; all CSBs are non-callable and, except in certain limited circumstances, non-transferable.

CSBs pay a competitive rate of interest which is guaranteed for one or more years. They may be cashed at any time and, after the first three months, pay interest up to the end of the month prior to encashment.

Canada RRSP Bond

The Canada RRSP Bond is a new retail investment and savings product introduced by the Government of Canada in 1997.

The Canada RRSP Bond has guaranteed annual interest rates for 10 years; it can be redeemed early once a year with no loss in value or reduction in interest; and it earns interest daily from purchase date to issue date.

Treasury Bills

Effective November 1995, all new issues of Treasury bills are issued is Global Certificate form only whereby a global certificate for the full amount of the Treasury bills is issued in fully registered form in the name of CDS & Co., a nominee of the Canadian Depository for Securities Limited (CDS). Treasury bills must be purchased, transferred, or sold directly or indirectly through a participant of the Debt Clearing System (DCS) operated by CDS and only in integral multiples of $1,000 (face value). Prior to November 1995, Treasury bills were issued in bearer form, and were available in denominations ranging from $1,000 to $1,000,000.

Treasury bills are sold by public tender on a discount basis to primary distributors of Government of Canada securities. Treasury bills with terms to maturity of three, six, or twelve months are currently auctioned on a bi-weekly basis, generally on Tuesday for delivery Thursday. Under the bi-weekly issuance pattern, new 3-month (98 days) Treasury bills are issued at each bi-weekly auction. New 6- and 12-month Treasury bills are offered in the same week and then reopened once at the next regular auction two weeks later.

Cash Management Bills (CMBs) are also periodically issued by the Government of Canada. CMBs are Treasury bills with maturities of less than three months (they can be as short as one day) used as a source of short-term financing for the government. CMB auctions can take place on any business day, typically for next-day delivery, but on some occasions for same-day delivery.

Canada Bills

Canada Bills are promissory notes denominated in U.S. dollars and issued only in book-entry form. They mature not more than 270 days from their date of issue and are discount obligations with a minimum order size of U.S. $1,000,000 and a minimum denomination of U.S. $1,000. Delivery and payment for Canada Bills occur in same-day funds through Chase Manhattan Bank in New York City.

Primary distribution of Canada Bills occurs through five issuing agents in New York: RBC Dominion Securities Inc., CIBC Wood Gundy Inc., Goldman, Sachs & Co., Lehman Brothers and CS First Boston. Rates on Canada Bills are posted daily, for terms of one to six months.

Canada Bills are issued for foreign exchange reserve funding purposes only.

Canada Notes

Canada Notes are promissory notes usually denominated in U.S. dollars and available in book-entry form. Canada Notes are issued in denominations of U.S. $1,000 and integral multiples thereof. At present, the aggregate principal amount outstanding issued under the program is limited to U.S. $3.0 billion. Notes can be issued for terms of nine months or longer, and can be issued at a fixed or a floating rate. Notes are usually denominated in U.S. dollars, and the payments of principal and interest on notes are made in U.S. dollars.

The interest rate or interest rate formula, the issue price, stated maturity, redemption or repayment provisions, and any other terms are established by Canada at the time of issuance of a note and will be indicated in the Pricing Supplement. Delivery and payment for Canada notes occur through the Bank of Montreal Trust Company in New York City.

The notes are offered on a continuous basis by Canada through five dealers in New York: Nesbitt Burns Inc., Scotia Capital Markets USA Inc., Goldman, Sachs & Co., CS First Boston and Lehman Brothers. Canada may also sell notes to other dealers or directly to investors.

Canada Notes are issued for foreign exchange reserve funding purposes only.

Euro Medium-Term Notes (EMTNs)

EMTNs are medium-term notes issued outside the United States and Canada. EMTNs can be issued with fixed or floating interest rates, include embedded options, make coupon payments in one currency and the principal payment in another currency, and maturities can range from short-term to long-term. Canada EMTNs are sold either by dealers in the dealer group, or by dealers who are not in the dealer group but who are acting as Canada’s agent for the particular transaction (called reverse inquiry). Canada EMTNs are sold on a bought-deal basis (i.e. the dealer purchasing EMTNs from Canada is responsible for the sale of the notes), and are sold on an intermittent basis.

The Arranger for Canada’s EMTN program is Morgan Stanley & Co. International. The London-based dealer group includes CIBC Wood Gundy Inc., Daiwa Europe Limited, Deutsche Morgan Grenfell, Goldman Sachs International, J.P. Morgan Securities Ltd., Merrill Lynch International, Morgan Stanley & Co. International, Nomura International, RBC Dominion Securities Inc. and UBS Limited.

The EMTN program further diversifies the sources of cost-effective funding for Canada’s foreign exchange reserves. Notes issued under this program can be denominated in a range of currencies and structured to meet investor demand.

Annex 2

Primary Distribution in Canada

In the distribution of its domestic marketable debt, the Government of Canada transacts through a group of financial intermediaries known as primary distributors.

There are at present some 30 firms which participate in the primary distribution of bonds and Treasury bills. Investment dealers incorporated in Canada, banks and any non-bank member of the Canadian Payments Association that holds a settlement account at the Bank of Canada are eligible for primary distributor status. Investment dealers must be licensed by a provincial securities commission and be members of the Investment Dealers Association. Banks are regulated by the Office of the Superintendent of Financial Institutions. Other eligible deposit-taking institutions must be regulated by the Office of the Superintendent of Financial Institutions or be subject to provincial oversight. The list of primary distributors has evolved over time. Additions to and deletions from the list of firms allowed to bid at auctions are made only after a sustained evaluation of a firm's performance over an extended period of time.

In order to be eligible as a primary distributor, a firm must meet certain reporting, performance and distribution criteria set by the Bank of Canada in its role as the government's fiscal agent.

Those primary distributors active in both bond and Treasury bill markets may apply to become Bank of Canada jobbers. This is the core group of market makers that the Bank deals with in its monetary policy operations and, since they are the largest firms, they are also the dominant group among the primary distributors.

Jobbers have a number of responsibilities in addition to those of primary distributors. They are expected to bid at every Treasury bill and bond auction so as to provide coverage of auctions as a group, to consistently make markets in Treasury bills and bonds to a broad customer base, and to provide the Bank of Canada with assessments of market conditions, weekly statistical reports and audited financial statements.

Primary distributors, including jobbers, have bidding limits for Treasury bill and bond auctions. The bidding limits are assigned at the discretion of the Government of Canada. Currently, jobbers may submit bids for a maximum of 33⅓ per cent of each tranche of a Treasury bill auction and 20 per cent of the total amount of bonds tendered at auctions (maximum bid is 25 per cent in the case of Real Return Bond auctions). All other primary distributors may also submit bids up to a maximum of 33⅓ per cent of each tranche of a Treasury bill auction. However, the bidding limits for Government of Canada bonds vary by primary distributor depending on their relative activity in the primary and secondary markets for these securities.

Jobbers are eligible to enter into Special Purchase and Resale Agreements in Governement of Canada securities (SPRAs) up to an assigned limit, at the Bank Rate at the initiative of the Bank of Canada. Investment dealer jobbers also have a regular Purchase and Resale (PRA) dealing limit with the Bank of Canada, in the same securities, at Bank Rate, that they may enter into at their own initiative.

Deposit-taking jobbers who have a settlement account with the Bank of Canada do not have a regular PRA limit since they have access to secured advances from the Bank.

Source: Bank of Canada

Annex 3

Selected News Service Pages of Interest to Government of Canada Debt Market Participants

Bloomberg

WCR	–	Exchange rates
PXCA	–	Government of Canada benchmark bonds
PXCB	–	Government of Canada bonds
CND	–	Summary page of benchmark Canadian securities

Dow Jones Telerate

261	–	Exchange rates
3105	–	U.S./Canada capital markets
3109	–	Quarterly bond auction schedule
3110	–	Latest marketable bond auction results
3111	–	Treasury bill auction results
3112	–	Cumulative excess settlement balances/overnight rate
3114	–	Government of Canada domestic interest rate swaps
3143	–	Multicontributor page – Government of Canada bonds
3144	–	Multicontributor page – Government of Canada Treasury bills
3159	–	Canadian yield curve/spread differentials to U.S.
3190	–	Canadian money markets
3193	–	Cash management bill auction results
3195	–	Latest RRB auction results
3196	–	Government of Canada and provincial government bonds
3197	–	10:00 a.m. fixing – Canadian BA rates
3198	–	10:00 a.m. fixing – Government of Canada Treasury bills
9728	–	10:30 a.m. Bank of Canada jobber averages – money market instruments
27455	–	10-year CGB futures (Montreal Exchange)
27456	–	BAX futures (Montreal Exchange)
27458	–	10-year bond cheapest-to-deliver (CGB futures) implied repo rate

Reuters

WRLD	–	Exchange rates
BOFC	–	Canadian dollar exchange rates
CRRBONDS	–	Benchmark Government of Canada bonds and money market
CAACTIVE= <F3>	–	Government of Canada bonds and Treasury bills
CDMM	–	Canadian money markets
CDBN	–	Canadian bonds
CABONDT	–	U.S./Canada capital markets
CDOR	–	10:00 a.m. fixing – Canadian BA rates
CDOS	–	10:00 a.m. fixing – Canadian Treasury bill rates
FPRH	–	Swap quotes
BAX <F3>	–	BAX futures (Montreal Exchange)
BAR <F3>	–	BAR futures (Montreal Exchange)

Department of Finance Home Page Internet Address

http://www.fin.gc.ca

Bank of Canada Home Page Internet Address

http://www.bank-banque-canada.ca

Reference Tables

Reference Table I

Gross public debt, outstanding market debt, and debt charges

Fiscal year ending March 31	Gross public debt: Outstanding	Gross public debt: Fixed-rate portion[1]	Gross public debt: Total debt charges	Outstanding market debt[2]: Outstanding	Outstanding market debt[2]: Fixed-rate portion	Outstanding market debt[2]: Total debt charges	Outstanding market debt[2]: Average interest rate
	($ billions)	(per cent)	($ billions)	($ billions)	(per cent)	($ billions)	(per cent)
1985-86	274.8	51.9	25.4	200.8	36.8	20.7	10.68
1986-87	308.9	50.9	26.7	226.8	37.2	21.5	9.37
1987-88	340.1	51.2	29.0	248.3	38.6	23.1	9.62
1988-89	371.5	49.6	33.2	273.3	37.6	26.5	10.83
1989-90	397.2	49.9	38.8	291.5	38.5	31.4	11.22
1990-91	433.3	50.4	42.6	320.4	38.9	34.3	10.73
1991-92	467.4	50.7	41.2	348.4	39.3	32.4	8.85
1992-93	503.9	50.4	38.8	379.2	39.4	29.4	7.86
1993-94	546.4	53.3	38.0	410.5	43.1	28.0	6.73
1994-95	584.8	55.1	42.0	437.5	44.8	31.4	7.96
1995-96	624.7	56.9	46.9	466.1	48.3	35.3	7.33
1996-97	640.7	61.7	45.0	473.4	54.2	33.0	6.63

[1] After adjusting for non-interest-bearing liabilities. Definition of fixed debt may vary slightly from year to year to accommodate changes in the debt structure.

[2] Outstanding market debt equals unmatured debt minus bonds for the Canada Pension Plan.

Sources: *Public Accounts of Canada, Bank of Canada Review*, Department of Finance estimates.

Reference Table II

***Government of Canada outstanding market debt*[1]**

	Payable in Canadian dollars				Payable in foreign currencies						
	Treasury bills	Marketable bonds	Retail debt	Total	Marketable bonds	Canada bills	Canada notes	Standby drawings	Term loans	Total	Total market
	(in millions of Canadian dollars)										
Fiscal years ending March 31											
1977-78	11,295	21,645	18,036	50,477	181	0	0	850	0	1,031	51,580
1978-79	13,535	26,988	19,443	59,474	3,319	0	0	2,782	1,115	7,216	66,544
1979-80	16,325	33,387	18,182	67,407	3,312	0	0	359	1,030	4,701	72,908
1980-81	21,770	40,976	15,966	78,531	3,236	0	0	355	1,046	4,637	83,002
1981-82	19,375	43,605	25,108	87,912	3,867	0	0	0	550	4,417	93,013
1982-83	29,125	48,473	32,753	110,182	4,872	0	0	0	362	5,234	116,391
1983-84	41,700	56,976	38,403	136,914	4,306	0	0	510	398	5,214	142,712
1984-85	52,300	69,354	42,167	163,723	4,972	0	0	1,909	1,172	8,053	172,514
1985-86	61,950	81,163	44,607	187,624	9,331	0	0	2,233	2,247	13,811	200,784
1986-87	76,950	94,520	43,854	215,230	9,120	1,045	0	0	2,047	12,212	226,815
1987-88	81,050	103,899	52,558	237,507	8,438	1,045	0	0	2,257	11,740	248,317
1988-89	102,700	115,748	47,048	265,496	6,672	1,131	0	0	934	8,737	273,296
1989-90	118,550	127,681	40,207	286,439	4,364	1,446	0	0	0	5,810	291,490
1990-91	139,150	143,601	33,782	316,532	3,555	1,008	0	0	0	4,563	320,411
1991-92	152,300	158,059	35,031	345,389	3,535	0	0	0	0	3,535	348,384
1992-93	162,050	178,436	33,884	374,370	2,926	2,552	0	0	0	5,478	379,236
1993-94	166,000	203,373	30,866	400,238	5,019	5,649	0	0	0	10,668	410,478
1994-95	164,450	225,513	30,756	420,719	7,875	9,046	0	0	0	16,921	437,510
1995-96	166,100	252,411	30,801	449,313	9,514	6,986	310	0	0	16,810	466,069
1996-97	135,400	282,059	32,911	450,370	12,460	8,436	2,121	0	0	23,017	473,387

[1] Subcategorization of Government of Canada debt is in accordance with Bank of Canada reports, which may vary slightly from public accounts categories due to differences in classification methods. The total outstanding market debt may not equal the sum of the parts due to slight differences between the Bank of Canada's and the Department of Finance's numbers.

Source: *Bank of Canada Review*, Department of Finance.

Reference Table III

Average weekly domestic market trading in Government of Canada securities, April 1996 to March 1997

		Marketable bonds					
	Treasury bills	3 years and under	3 to 10 years	Over 10 years	Real Return Bonds	Total	Total
	(millions of dollars)						
April 1996	82,926	26,347	36,168	10,447	215	73,177	156,103
May 1996	87,784	22,476	38,648	12,875	480	74,479	162,263
June 1996	84,543	32,250	38,244	11,658	168	82,320	166,863
July 1996	76,747	28,891	35,242	10,871	85	75,088	151,835
August 1996	77,822	42,188	41,958	13,639	325	98,110	175,932
September 1996	85,767	45,022	37,649	15,820	246	98,735	184,502
October 1996	80,859	43,582	42,821	28,376	246	115,025	195,884
November 1996	66,272	36,557	38,267	33,318	402	108,543	174,815
December 1996	64,999	39,052	42,060	15,433	288	96,832	161,831
January 1997	58,795	32,551	38,330	12,100	220	83,201	141,996
February 1997	56,275	41,561	47,638	17,138	276	106,613	162,888
March 1997	56,081	56,788	38,940	14,640	460	110,827	166,908

Source: *Bank of Canada Review.*

Reference Table IV

Distribution of domestic holdings of Government of Canada securities
PART A – Treasury bills, Canada bills, bonds[1] and Canada Savings Bonds

Year end	Persons and unincorporated business	Non-financial corporations	Bank of Canada	Chartered banks	Quasi banks[2]	Life insurance and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total
					(millions of dollars)				
1976	18,009	395	8,331	8,666	716	1,436	2,388	439	40,380
1977	20,440	336	10,268	9,601	1,048	2,271	3,241	709	47,914
1978	22,917	403	12,001	9,896	1,537	3,737	4,160	1,401	56,053
1979	23,302	376	13,656	10,156	1,684	6,716	4,267	2,572	62,729
1980	24,861	561	15,858	10,002	2,771	9,274	5,726	3,948	73,001
1981	33,684	598	17,100	10,003	2,452	10,569	5,515	3,898	83,819
1982	43,979	2,255	15,428	11,233	3,288	13,151	8,843	4,139	102,316
1983	51,440	5,518	16,859	15,107	5,551	17,816	10,167	4,399	126,857
1984	61,244	7,006	17,184	15,164	4,887	24,039	12,057	6,575	148,156
1985	74,609	7,413	15,668	15,198	5,706	31,068	15,134	9,701	174,497
1986	71,415	6,270	18,374	17,779	7,277	34,887	18,501	10,869	185,372
1987	83,156	8,586	20,366	16,012	6,400	38,870	19,587	13,604	206,581
1988	85,401	8,983	20,606	21,115	7,657	42,460	19,677	16,813	222,712
1989	84,112	11,587	21,133	19,804	9,853	46,037	24,448	17,398	234,372
1990	81,198	12,456	20,325	23,224	10,413	52,984	26,038	19,146	245,784
1991	74,709	11,718	22,370	35,792	12,069	55,846	32,234	21,246	265,984
1992	74,627	13,787	22,607	44,555	12,440	60,042	39,286	18,891	286,235
1993	59,943	10,473	23,624	60,242	11,073	69,930	44,819	20,040	300,144
1994	53,763	12,154	25,337	70,063	10,051	78,563	52,113	23,868	325,912
1995	48,238	12,148	23,590	76,560	10,900	87,284	58,869	22,099	339,688
1996	47,365	10,758	25,556	74,789	10,521	88,005	70,204	21,821	349,019

Reference Table IV *(cont'd)*

Distribution of domestic holdings of Government of Canada securities
PART B – Treasury bills, Canada bills, bonds[1] and Canada Savings Bonds

Year end	Persons and unincorporated business	Non-financial corporations	Bank of Canada	Chartered banks	Quasi banks[2]	Life insurance and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total[5]
				(per cent)					
1976	44.59	0.98	20.63	21.46	1.77	3.56	5.91	1.11	100.00
1977	42.66	0.70	21.43	20.04	2.19	4.74	6.76	1.48	100.00
1978	40.88	0.72	21.41	17.65	2.74	6.67	7.42	2.50	100.00
1979	37.15	0.60	21.77	16.19	2.68	10.71	6.80	4.10	100.00
1980	34.06	0.77	21.72	13.70	3.80	12.70	7.84	5.41	100.00
1981	40.19	0.71	20.40	11.93	2.93	12.61	6.58	4.65	100.00
1982	42.98	2.20	15.08	10.98	3.21	12.85	8.64	4.05	100.00
1983	40.55	4.35	13.29	11.91	4.38	14.04	8.01	3.47	100.00
1984	41.34	4.73	11.60	10.24	3.30	16.23	8.14	4.44	100.00
1985	42.76	4.25	8.98	8.71	3.27	17.80	8.67	5.56	100.00
1986	38.53	3.38	9.91	9.59	3.93	18.82	9.98	5.86	100.00
1987	40.25	4.16	9.86	7.75	3.10	18.82	9.48	6.59	100.00
1988	38.35	4.03	9.25	9.48	3.44	19.06	8.84	7.55	100.00
1989	35.89	4.94	9.02	8.45	4.20	19.64	10.43	7.42	100.00
1990	33.04	5.07	8.27	9.45	4.24	21.56	10.59	7.79	100.00
1991	27.98	4.39	8.38	13.41	4.52	20.92	12.45	7.96	100.00
1992	26.07	4.82	7.90	15.57	4.35	20.98	13.73	6.60	100.00
1993	19.97	3.49	7.87	20.07	3.69	23.30	14.93	6.68	100.00
1994	16.50	3.73	7.77	21.50	3.08	24.11	15.88	7.32	100.00
1995	14.20	3.58	6.94	22.54	3.21	25.70	17.33	6.50	100.00
1996	13.57	3.08	7.32	21.43	3.01	25.21	20.12	6.26	100.00

Reference Table IV ***(cont'd)***

Distribution of domestic holdings of Government of Canada securities
PART C – Treasury bills, Canada bills

Year end	Persons and unincorporated business	Non-financial corporations	Bank of Canada	Chartered banks	Quasi banks[2]	Life insurance and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total
				(millions of dollars)					
1976	156	125	2,053	4,219	52	44	535	99	7,283
1977	458	151	2,461	4,949	143	98	1,044	208	9,512
1978	652	198	3,567	5,517	193	261	1,588	409	12,385
1979	811	167	4,345	6,690	65	245	1,616	749	14,688
1980	1,419	294	5,394	7,500	619	460	2,507	1,427	19,620
1981	1,020	372	5,431	8,597	343	560	2,269	996	19,588
1982	1,855	1,935	2,483	10,034	1,357	1,244	4,670	914	24,492
1983	4,109	5,162	2,780	12,879	3,180	2,587	5,519	599	36,815
1984	7,554	6,453	3,548	12,997	2,792	3,876	6,623	2,108	45,951
1985	13,427	6,543	4,041	12,629	3,651	3,934	8,156	3,940	56,321
1986	16,295	4,886	7,967	15,161	4,709	3,592	10,226	3,206	66,042
1987	17,686	7,227	9,847	11,498	3,725	4,806	9,611	4,867	69,267
1988	20,174	7,433	9,945	15,224	5,648	7,648	9,313	7,532	82,917
1989	32,757	9,990	11,124	16,410	8,115	7,664	12,571	8,666	107,297
1990	37,795	11,339	10,574	16,841	8,929	11,737	13,031	8,785	119,031
1991	32,393	10,546	13,093	24,382	9,080	10,386	17,832	10,151	127,863
1992	36,692	11,355	14,634	27,989	9,661	11,639	19,943	6,783	138,696
1993	27,275	9,771	17,002	29,901	9,097	17,050	22,385	7,206	139,687
1994	16,972	8,614	19,408	30,415	6,898	14,402	22,101	10,546	129,356
1995	13,432	9,378	18,298	30,865	7,645	15,422	25,171	8,929	129,140
1996	11,484	8,508	17,593	23,470	5,366	11,385	32,672	4,149	114,627

Reference Table IV *(cont'd)*

Distribution of domestic holdings of Government of Canada securities
PART D – Treasury bills, Canada bills

Year end	Persons and unincorporated business	Non-financial corporations	Bank of Canada	Chartered banks	Quasi banks[2]	Life insurance and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total[5]
				(per cent)					
1976	2.14	1.72	28.19	57.93	0.71	0.60	7.35	1.36	100.00
1977	4.81	1.59	25.87	52.03	1.50	1.03	10.98	2.19	100.00
1978	5.26	1.60	28.80	44.55	1.56	2.11	12.82	3.30	100.00
1979	5.52	1.14	29.58	45.55	0.44	1.67	11.00	5.10	100.00
1980	7.23	1.50	27.49	38.23	3.15	2.34	12.78	7.27	100.00
1981	5.21	1.90	27.73	43.89	1.75	2.86	11.58	5.08	100.00
1982	7.57	7.90	10.14	40.97	5.54	5.08	19.07	3.73	100.00
1983	11.16	14.02	7.55	34.98	8.64	7.03	14.99	1.63	100.00
1984	16.44	14.04	7.72	28.28	6.08	8.44	14.41	4.59	100.00
1985	23.84	11.62	7.18	22.43	6.48	6.97	14.48	7.00	100.00
1986	24.67	7.40	12.06	22.96	7.13	5.44	15.48	4.85	100.00
1987	25.53	10.43	14.22	16.60	5.38	6.94	13.88	7.03	100.00
1988	24.33	8.96	11.99	18.36	6.81	9.22	11.23	9.08	100.00
1989	30.53	9.31	10.37	15.29	7.56	7.14	11.72	8.08	100.00
1990	31.75	9.53	8.88	14.15	7.50	8.86	10.95	7.38	100.00
1991	25.33	8.25	10.24	19.07	7.10	8.12	13.95	7.94	100.00
1992	26.45	8.19	10.55	20.18	6.97	8.39	14.38	4.89	100.00
1993	19.53	6.99	12.17	21.41	6.51	12.21	16.03	5.16	100.00
1994	13.12	6.66	15.01	23.51	5.33	11.13	17.09	8.15	100.00
1995	10.40	7.26	14.17	23.90	5.92	11.94	19.49	6.92	100.00
1996	10.02	7.42	15.35	20.48	4.68	9.93	28.50	3.62	100.00

Reference Table IV ***(cont'd)***

Distribution of domestic holdings of Government of Canada securities
PART E – Bonds[1]

Year end	Persons and unincorporated business	Non-financial corporations	Bank of Canada	Chartered banks	Quasi banks[2]	Life insurance and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total
				(millions of dollars)					
1976	1,369	270	6,278	4,447	664	1,392	1,853	350	16,623
1977	1,789	185	7,807	4,652	905	2,173	2,197	501	20,209
1978	2,031	205	8,434	4,379	1,344	3,477	2,572	992	23,434
1979	3,869	209	9,311	3,466	1,619	6,471	2,651	1,823	29,419
1980	5,572	267	10,464	2,502	2,152	8,814	3,219	2,521	35,511
1981	7,317	226	11,669	1,406	2,109	10,009	3,246	2,902	38,884
1982	8,415	320	12,945	1,199	1,931	11,907	4,173	3,225	44,115
1983	7,604	356	14,079	2,228	2,371	15,229	4,648	3,800	50,315
1984	10,302	553	13,636	2,167	2,095	20,163	5,434	4,467	58,817
1985	11,673	870	11,627	2,569	2,055	27,144	6,978	5,761	68,677
1986	10,032	1,384	10,407	2,618	2,568	31,295	8,275	7,663	74,242
1987	10,430	1,359	10,519	4,514	2,675	34,064	9,976	8,737	82,274
1988	10,350	1,550	10,661	5,891	2,009	34,812	10,364	9,281	84,918
1989	7,657	1,597	10,009	3,394	1,738	38,373	11,877	8,732	83,377
1990	7,945	1,117	9,751	6,383	1,484	41,247	13,007	10,361	91,295
1991	5,009	1,172	9,277	11,410	2,989	45,460	15,402	11,095	101,814
1992	2,053	2,432	7,973	16,566	2,779	48,403	19,343	12,108	111,657
1993	45	702	6,622	30,341	1,976	52,880	22,434	12,834	127,834
1994	3,279	3,540	5,929	39,648	3,153	64,161	30,012	13,322	163,044
1995	2,447	2,770	5,292	45,695	3,255	71,862	33,698	13,170	178,189
1996	1,491	2,250	7,963	51,319	5,155	76,620	37,532	17,672	200,002

Reference Table IV *(cont'd)*

Distribution of domestic holdings of Government of Canada securities
PART F – Bonds[1]

Year end	Persons and unincorporated business	Non-financial corporations	Bank of Canada	Chartered banks	Quasi banks[2]	Life insurance and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total[5]
					(per cent)				
1976	8.24	1.62	37.77	26.75	3.99	8.37	11.15	2.11	100.00
1977	8.85	0.92	38.63	23.02	4.48	10.75	11.87	2.48	100.00
1978	8.66	0.87	35.99	18.69	5.74	14.84	10.98	4.23	100.00
1979	13.15	0.71	31.65	11.78	5.50	22.00	9.01	6.20	100.00
1980	15.69	0.75	29.47	7.05	6.06	24.82	9.06	7.10	100.00
1981	18.82	0.58	30.01	3.62	5.42	25.74	8.35	7.46	100.00
1982	19.08	0.73	29.34	2.72	4.38	26.99	9.46	7.31	100.00
1983	15.11	0.71	27.98	4.43	4.71	30.27	9.24	7.55	100.00
1984	17.52	0.94	23.18	3.68	3.56	34.28	9.24	7.59	100.00
1985	17.00	1.27	16.93	3.74	2.99	39.52	10.16	8.39	100.00
1986	13.51	1.86	14.02	3.53	3.46	42.15	11.15	10.32	100.00
1987	12.68	1.65	12.79	5.49	3.25	41.40	12.13	10.62	100.00
1988	12.19	1.83	12.55	6.94	2.37	40.99	12.20	10.93	100.00
1989	9.18	1.92	12.00	4.07	2.08	46.02	14.24	10.47	100.00
1990	8.70	1.22	10.68	6.99	1.63	45.18	14.25	11.36	100.00
1991	4.92	1.15	9.11	11.21	2.94	44.65	15.13	10.90	100.00
1992	1.84	2.18	7.14	14.84	2.49	43.35	17.32	10.84	100.00
1993	0.04	0.55	5.18	23.73	1.55	41.37	17.55	10.04	100.00
1994	2.01	2.17	3.64	24.32	1.93	39.35	18.41	8.17	100.00
1995	1.38	1.55	2.97	25.64	1.83	40.33	18.91	7.39	100.00
1996	0.75	1.12	3.98	25.66	2.58	38.31	18.77	8.83	100.00

Notes: Because of timing and valuation differences, the National Balance Sheet data contained in this Table are not necessarily on the same basis as other data elsewhere in this publication (most of the data in this report is on a par value basis – that is, outstanding securities are valued at par). For this reason, although the two sets of data yield very similar information, the data in this Table are not strictly comparable with other data in this publication.

1 Includes bonds denominated in foreign currencies.

2 Includes Quebec savings banks, credit unions and caisses populaires, trust companies, and mortgage loan companies.

3 Includes investment dealers, mutual funds, fire and casualty insurance companies, sales, finance and consumer loan companies, accident and sickness branches of life insurance companies, other private financial institutions (not elsewhere included), federal public financial institutions, and provincial financial institutions.

4 Includes federal government holdings of its own debt, as well as provincial, municipal and hospital holdings, and holdings of the Canada Pension Plan and the Quebec Pension Plan.

5 Total may not add due to rounding.

Source: Statistics Canada, *The National Balance Sheet Accounts*.

Reference Table V

Non-resident holdings of Government of Canada debt

As at	Marketable bonds[1]	Treasury bills and Canada bills	Total	Total as per cent of total market debt
		(billions of Canadian dollars)		(per cent)
March 31, 1979	5.0	0.9	5.9	11.3
March 31, 1980	5.6	0.7	6.3	9.4
March 31, 1981	6.8	1.1	7.9	10.9
March 31, 1982	8.8	1.1	9.9	10.7
March 31, 1983	10.0	1.6	11.6	10.0
March 31, 1984	10.3	2.6	12.9	9.1
March 31, 1985	14.5	4.6	19.1	11.1
March 31, 1986	22.1	3.0	25.1	12.4
March 31, 1987	30.3	4.7	35.0	15.4
March 31, 1988	33.0	9.3	42.3	17.0
March 31, 1989	41.3	15.7	57.0	20.8
March 31, 1990	49.9	13.3	63.2	21.6
March 31, 1991	57.6	16.1	73.7	23.0
March 31, 1992	63.6	23.0	86.6	24.8
March 31, 1993	81.2	24.8	106.0	27.9
March 31, 1994	79.8	34.0	113.8	27.7
March 31, 1995	74.1	39.2	113.3	25.9
March 31, 1996	84.7	36.7	121.4	26.0
March 31, 1997	90.2	28.1	118.3	25.0

[1] Includes bonds denominated in foreign currencies.

Source: Statistics Canada, *Canada's International Transactions in Securities.*

Reference Table VI

Fiscal 1996-97 Treasury bill program

	Maturing					New issues					Net increment			Average tender yields			
Date	CMB	3 mo	6 mo	12 mo	Total	CMB	3 mo	6 mo	12 mo	Total	Total	cumulative	O/S	CMB	3 mo	6 mo	12 mo
	(millions of dollars)													(per cent)			
4-Apr-96	1,600	3,600	2,000	2,400	9,600	0	3,800	1,800	1,400	7,000	-2600	-2600	163500		5.03	5.26	5.56
11-Apr-96	0	3,700	2,000	0	5,700	0	3,700	1,800	1,300	6,800	1100	-1500	164600		5.15	5.39	5.86
18-Apr-96	1,300	3,700	2,000	2,500	9,500	0	3,600	1,700	1,300	6,600	-2900	-4400	161700		5.01	5.23	5.58
25-Apr-96	0	3,700	2,000	0	5,700	0	3,500	1,800	1,200	6,500	800	-3600	162500		4.76	4.96	5.40
2-May-96	0	3,800	1,700	2,200	7,700	0	3,600	1,800	1,300	6,700	-1000	-4600	161500		4.73	4.97	5.41
9-May-96	0	3,700	1,700	0	5,400	0	3,600	1,800	1,200	6,600	1200	-3400	162700		4.76	4.98	5.60
16-May-96	0	3,700	1,500	2,300	7,500	0	3,500	1,600	1,300	6,400	-1100	-4500	161600		4.73	4.95	5.44
23-May-96	0	4,100	1,700	0	5,800	0	3,400	1,800	1,200	6,400	600	-3900	162200	4.71	4.64	4.83	5.39
30-May-96	0	4,100	1,500	2,400	8,000	1,500	3,500	1,700	1,300	8,000	0	-3900	162200	4.74	4.65	4.85	5.33
6-Jun-96	0	4,200	1,600	0	5,800	2,500	3,400	1,600	1,200	8,700	2900	-1000	165100		4.68	4.86	5.47
13-Jun-96	1,500	4,200	1,500	2,500	9,700	0	3,300	1,500	1,200	6,000	-3700	-4700	161400		4.69	4.98	5.50
20-Jun-96	0	4,200	1,600	0	5,800	0	3,000	1,500	1,100	5,600	-200	-4900	161200		4.74	4.98	5.57
27-Jun-96	0	4,000	1,500	2,600	8,100	0	2,900	1,300	1,200	5,400	-2700	-7600	158500		4.70	4.98	5.53
4-Jul-96	2,500	3,800	1,600	0	7,900	0	2,900	1,500	1,000	5,400	-2500	-10100	156000		4.71	4.84	5.53
11-Jul-96	0	3,700	1,600	2,700	8,000	0	3,000	1,400	1,200	5,600	-2400	-12500	153600		4.70	5.00	5.56
18-Jul-96	0	3,600	1,700	0	5,300	0	3,000	1,500	1,000	5,500	200	-12300	153800		4.67	4.98	5.52
25-Jul-96	0	3,500	1,800	2,800	8,100	2,500	3,200	1,600	1,200	8,500	400	-11900	154200	4.45	4.46	4.79	5.17
1-Aug-96	0	3,600	1,900	0	5,500	0	3,500	1,800	1,200	6,500	1000	-10900	155200		4.43	4.77	5.28
8-Aug-96	0	3,600	1,800	2,800	8,200	0	3,700	1,700	1,400	6,800	-1400	-12300	153800		4.22	4.49	4.78
15-Aug-96	2,500	3,500	1,900	0	7,900	0	3,600	1,800	1,200	6,600	-1300	-13600	152500		4.17	4.33	4.67
22-Aug-96	0	3,400	1,800	2,800	8,000	1,600	3,600	1,700	1,400	8,300	300	-13300	152800	4.10	4.03	4.29	4.54
29-Aug-96	0	3,500	2,000	0	5,500	0	3,600	1,800	1,200	6,600	1100	-12200	153900		4.03	4.32	4.76
5-Sep-96	0	3,400	2,000	2,800	8,200	0	3,500	1,600	1,400	6,500	-1700	-13900	152200		4.09	4.48	4.93
12-Sep-96	1,600	3,300	2,100	0	7,000	0	3,400	1,800	1,200	6,400	-600	-14500	151600		3.96	4.35	4.85
19-Sep-96	0	3,000	2,100	2,500	7,600	1,000	3,200	1,600	1,300	7,100	-500	-15000	151100	3.87	3.76	4.27	4.68
26-Sep-96	0	2,900	2,000	0	4,900	0	3,200	1,700	1,100	6,000	1100	-13900	152200		3.96	4.26	4.66
3-Oct-96	0	2,900	1,800	2,200	6,900	0	3,000	1,400	1,200	5,600	-1300	-15200	150900		3.71	4.09	4.41
10-Oct-96	1,000	3,000	1,800	0	5,800	0	2,900	1,600	1,000	5,500	-300	-15500	150600		3.47	3.71	4.00

Reference Table VI ***(cont'd)***

Fiscal 1996-97 Treasury bill program

Date	Maturing					New issues					Net increment			Average tender yields			
	CMB	3 mo	6 mo	12 mo	Total	CMB	3 mo	6 mo	12 mo	Total	Total	cumulative	O/S	CMB	3 mo	6 mo	12 mo
	(millions of dollars)													(per cent)			
17-Oct-96	0	3,000	1,700	2,200	6,900	0	2,900	1,300	1,200	5,400	-1500	-17000	149100		3.34	3.57	3.73
24-Oct-96	0	3,200	1,800	0	5,000	0	2,800	1,500	1,000	5,300	300	-16700	149400		3.16	3.27	3.61
31-Oct-96	0	3,500	1,800	2,100	7,400	2,500	2,800	1,300	1,200	7,800	400	-16300	149800	3.24	3.19	3.40	3.68
7-Nov-96	2,500	3,700	1,800	0	8,000	0	2,500	1,500	1,000	5,000	-3000	-19300	146800		2.91	3.07	3.41
14-Nov-96	0	3,600	1,600	2,400	7,600	0	2,400	1,300	1,200	4,900	-2700	-22000	144100		2.91	3.08	3.35
21-Nov-96	0	3,600	1,800	0	5,400	0	2,400	1,400	1,000	4,800	-600	-22600	143500		2.89	3.04	3.34
28-Nov-96	0	3,600	1,700	2,500	7,800	1,500	2,400	1,200	1,200	6,300	-1500	-24100	142000	2.93	2.69	2.87	3.17
5-Dec-96	1,500	3,500	1,600	0	6,600	0	2,400	1,400	1,000	4,800	-1800	-25900	140200		2.73	2.88	3.21
12-Dec-96	0	3,400	1,500	2,500	7,400	0	2,400	1,200	1,200	4,800	-2600	-28500	137600		2.86	3.13	3.42
19-Dec-96	0	3,200	1,500	0	4,700	0	2,400	1,400	1,000	4,800	100	-28400	137700		3.04	3.38	3.81
27-Dec-96	0	3,200	1,300	2,500	7,000	0	2,300	1,100	1,100	4,500	-2500	-30900	135200		2.88	3.26	3.61
3-Jan-97	0	3,000	1,500	0	4,500	0	2,300	1,200	1,000	4,500	0	-30900	135200		2.80	3.18	3.54
9-Jan-97	0	2,900	1,400	2,600	6,900	0	2,500	1,200	1,100	4,800	-2100	-33000	133100		2.85	3.29	3.75
16-Jan-97	0	2,900	3,100	0	6,000	0	2,400	1,400	1,000	4,800	-1200	-34200	131900		2.87	3.26	3.71
23-Jan-97	0	2,800	0	2,700	5,500	0	2,400	1,200	1,200	4,800	-700	-34900	131200		2.80	3.08	3.50
30-Jan-97	0	2,800	3,500	0	6,300	1,250	2,600	1,400	1,000	6,250	-50	-34950	131150	2.86	2.84	3.16	3.59
6-Feb-97	1,250	2,500	0	2,700	6,450	0	2,600	1,200	1,200	5,000	-1450	-36400	129700		2.86	3.16	3.57
13-Feb-97	0	2,400	3,500	0	5,900	0	2,600	1,400	1,100	5,100	-800	-37200	128900		2.84	3.13	3.44
20-Feb-97	0	2,400	0	2,800	5,200	0	2,700	1,200	1,200	5,100	-100	-37300	128800		2.88	3.10	3.43
27-Feb-97	0	2,400	3,400	0	5,800	0	3,000	1,400	1,000	5,400	-400	-37700	128400		2.86	3.10	3.47
6-Mar-97	0	2,400	0	2,700	5,100	0	3,200	1,300	1,200	5,700	600	-37100	129000		2.94	3.25	3.65
13-Mar-97	0	2,400	3,400	0	5,800	1,500	3,300	1,500	1,100	7,400	1600	-35500	130600	2.91	2.99	3.29	3.74
20-Mar-97	0	2,400	0	2,700	5,100	0	3,400	1,500	1,200	6,100	1000	-34500	131600		3.09	3.42	3.90
27-Mar-97	0	2,300	3,100	0	5,400	3,000	3,500	1,600	1,100	9,200	3800	-30700	135400	2.98	3.19	3.48	3.92
Total	**17,250**	**172,500**	**91,200**	**65,900**	**346,850**	**18,850**	**158,300**	**78,300**	**60,700**	**316,150**	**-30,700**	**–**	**135,400**	**–**	**–**	**–**	**–**

Source: Bank of Canada.

Reference Table VII

Fiscal 1996-97 Canadian-dollar marketable bond program

Offering date	Delivery date	Maturity date	Maturing	Gross	Net
Fixed-coupon bonds				(millions of dollars)	
1996	**1996**				
April 3	April 15	August 1, 1999		2,800	2,800
April 24	May 1	June 1, 2027	3,300	1,500	-1,800
May 8	May 15	December 1, 2006		2,300	2,300
May 22	June 3	September 1, 2001	2,175	2,600	425
June 5	June 17	September 15, 1998		3,000	3,000
June 19	July 2	September 1, 2001		2,600	2,600
July 10	July 17	August 1, 1999		2,800	2,800
July 24	August 1	June 1, 2027	3,800	1,500	-2,300
August 7	August 15	December 1, 2006		2,400	2,400
August 21	September 3	September 1, 2001		2,700	2,700
September 4	September 16	September 15, 1998	5,155	3,000	-2,155
September 18	October 1	June 1, 2007	3,425	2,400	-1,025
October 2	October 15	February 1, 2000		2,800	2,800
October 23	November 1	June 1, 2027		1,500	1,500
November 6	November 15	June 1, 2007		2,400	2,400
November 20	December 2	September 1, 2001		2,700	2,700
December 4	December 16	March 15, 1999		3,000	3,000
1997	**1997**				
January 8	January 15	February 1, 2000		2,700	2,700
January 22	February 3	June 1, 2027		1,300	1,300
February 12	February 17	June 1, 2007		2,300	2,300
February 26	March 3	September 1, 2002	3,400	2,700	-700
March 12	March 17	March 15, 1999	4,800	3,000	-1,800
Real Return Bonds					
1996	**1996**				
May 29	June 6	December 1, 2026		400	400
August 28	September 6	December 1, 2026		400	400
November 27	December 6	December 1, 2026		400	400
1997	**1997**				
March 5	March 12	December 1, 2026		500	500
Total, fiscal year 1996-97			**26,055**	**55,700**	**29,645**

Source: Bank of Canada.

Reference Table VIII

Outstanding Government of Canada Canadian-dollar marketable bonds as at March 31, 1997

Maturity date	Amount	Coupon rate	Maturity date	Amount	Coupon rate
	(millions of dollars)	(per cent)		(millions of dollars)	(per cent)
Fixed-coupon					
15-May-1997	876.0	9.25	15-Dec-2000	500.0	9.75
01-Jul-1997	4,200.0	7.50	01-Feb-2001	425.0	15.75
15-Sep-1997	5,400.0	7.00	01-Mar-2001	9,400.0	7.50
01-Oct-1997	2,775.0	9.75	01-Mar-2001	3,175.0	10.50
01-Feb-1998	6,600.0	6.25	01-May-2001	1,325.0	13.00
15-Mar-1998	197.0	3.75	01-Jun-2001	3,550.0	9.75
15-Mar-1998	5,700.0	6.00	01-Sep-2001	10,600.0	7.00
15-Mar-1998	2,225.0	10.75	01-Oct-2001	1,232.8	9.50
01-Sep-1998	6,800.0	6.50	01-Dec-2001	3,850.0	9.75
15-Sep-1998	6,000.0	6.25	01-Feb-2002	213.0	8.75
01-Oct-1998	3,100.0	9.50	15-Mar-2002	350.0	15.50
01-Nov-1998	5,100.0	8.00	01-Apr-2002	5,450.0	8.50
01-Dec-1998	2,275.0	10.25	01-May-2002	1,850.0	10.00
01-Mar-1999	6,700.0	5.75	01-Sep-2002	2,700.0	5.50
15-Mar-1999	6,000.0	4.00	15-Dec-2002	1,625.0	11.25
01-Aug-1999	5,600.0	6.50	01-Feb-2003	2,700.0	11.75
01-Sep-1999	8,500.0	7.75	01-Jun-2003	6,900.0	7.25
15-Oct-1999	527.5	9.00	01-Oct-2003	670.5	9.50
01-Dec-1999	2,825.0	9.25	01-Dec-2003	8,800.0	7.50
01-Dec-1999	400.0	13.50	01-Feb-2004	2,200.0	10.25
01-Feb-2000	5,500.0	5.50	01-Jun-2004	7,900.0	6.50
01-Mar-2000	6,500.0	8.50	01-Jun-2004	550.0	13.50
15-Mar-2000	1,050.0	13.75	01-Oct-2004	875.0	10.50
01-May-2000	1,575.0	9.75	01-Dec-2004	7,700.0	9.00
01-Jul-2000	2,900.0	10.50	01-Mar-2005	1,775.0	12.00
01-Jul-2000	175.0	15.00	01-Sep-2005	1,375.0	12.25
01-Sep-2000	7,600.0	7.50	01-Dec-2005	8,000.0	8.75
01-Sep-2000	1,200.0	11.50	01-Mar-2006	975.0	12.50

Reference Table VIII *(cont'd)*

Outstanding Government of Canada Canadian-dollar marketable bonds as at March 31, 1997

Maturity date	Amount	Coupon rate	Maturity date	Amount	Coupon rate
	(millions of dollars)	(per cent)		(millions of dollars)	(per cent)
Fixed-coupon			**Real Return Bonds**		
01-Oct-2006	1,025.0	14.00	01-Dec-2021	5,175.0	4.25
01-Dec-2006	9,100.0	7.00	01-Dec-2026	2,350.0	4.25
01-Mar-2007	325.0	13.75	**Total**[1]	**7,525.0**	
01-Jun-2007	7,100.0	7.25			
01-Oct-2007	700.0	13.00			
01-Mar-2008	750.0	12.75			
01-Jun-2008	3,450.0	10.00			
01-Oct-2008	725.0	11.75			
01-Mar-2009	400.0	11.50			
01-Jun-2009	925.0	11.00			
01-Oct-2009	1,300.0	10.75			
01-Mar-2010	325.0	9.75			
01-Jun-2010	2,975.0	9.50			
01-Oct-2010	325.0	8.75			
01-Mar-2011	1,975.0	9.00			
01-Jun-2011	750.0	8.50			
15-Mar-2014	3,150.0	10.25			
15-Jun-2015	2,350.0	11.25			
15-Mar-2021	1,800.0	10.50			
01-Jun-2021	4,650.0	9.75			
01-Jun-2022	2,550.0	9.25			
01-Jun-2023	8,200.0	8.00			
01-Jun-2025	8,900.0	9.00			
01-Jun-2027	5,800.0	8.00			
Total	**274,516.8**				

[1] Real Return Bond figures show gross issue amount only – the CPI adjustment is not shown here.

Source: Bank of Canada.

Reference Table IX

Government of Canada swaps outstanding as at March 31, 1997

Domestic interest rate swaps			Cross-currency swaps	
Maturity date	Coupon[1]	Notional amount	Maturity date	Notional amount
	(per cent)	(millions of dollars)		(millions of US dollars)
01-May-97	8.25	200	1-Mar-00	286
01-Jul-97	7.50	1,150	2-Sep-01	500
01-Oct-97	9.75	200	4-Sep-01	500
01-Feb-98	6.25	1,750	1-Dec-05	500
05-Sep-98	6.50	100		
01-Oct-98	9.50	150	**Total**	**1,786**
01-Dec-98	10.25	100		
01-Mar-99	5.75	1,000		
01-Sep-99	7.75	100		
01-Mar-00	8.50	400		
01-Jun-01	9.75	250		
01-Feb-04	10.25	50		
Total		**5,450**		

[1] Refers to the coupon of the underlying bond that was swapped.

Source: Bank of Canada.

Reference Table X

Canada Savings Bonds, fiscal 1982-83 to fiscal 1996-97

Fiscal year	Gross sales during campaign[1]	Net sales during campaign[1]	Outstanding at fiscal year end[2]
	(millions of dollars)		
1982-83	11,229	9,567	32,753
1983-84	11,584	8,761	38,403
1984-85	12,743	9,768	42,167
1985-86	15,107	10,157	44,607
1986-87	9,191	5,177	43,854
1987-88	17,450	14,913	52,558
1988-89	14,962	6,454	47,048
1989-90	9,338	3,121	40,207
1990-91	6,720	1,660	33,781
1991-92	9,588	4,733	35,031
1992-93	9,235	3,275	33,884
1993-94	5,364	842	30,866
1994-95	7,506	5,709	30,756
1995-96	4,612	3,352	30,801
1996-97	5,710	4,730	32,911

[1] The figures shown are for the CSB campaign period, not the entire fiscal period; net sales are gross sales less redemptions during the period.

[2] Figures in accordance with Bank of Canada reports, which may vary slightly from public accounts categories due to differences in classification methods.

Sources: Department of Finance, *Bank of Canada Review*.

Reference Table XI

Crown corporation borrowings, as at March 31

Borrowings from the market

Corporation	1989	1990	1991	1992	1993	1994	1995	1996	1997
					(millions of dollars)				
Export Development Corporation	5,198	5,802	5,685	6,220	6,983	7,793	7,515	7,673	7,820
Canadian Wheat Board	3,767	4,354	6,449	7,323	6,966	7,283	7,321	6,377	6,474
Federal Business Development Bank	2,065	2,299	2,271	2,249	2,352	2,602	2,723	3,045	3,371
Farm Credit Corporation	1,328	1,216	1,128	813	797	863	990	1,582	1,926
CN	1,715	1,716	1,861	1,803	1,905	2,249	2,331	–	–
Canada Mortgage and Housing Corporation	–	–	–	96	152	1,573	3,630	5,906	7,866
Canada Development Investment Corporation	525	566	612	713	594	473	–	–	–
Petro–Canada Ltd.	2,097	2,450	1,656	980	455	501	504	490	432
Petro–Canada	–	–	718	–	–	–	–	–	–
Canada Ports Corporation	–	–	–	200	188	–	–	–	–
Other	41	42	98	96	97	239	235	297	226
Total	**16,737**	**18,447**	**20,479**	**20,398**	**20,489**	**23,576**	**25,249**	**25,370**	**28,115**

Source: *Public Accounts of Canada*.

Borrowings from the Consolidated Revenue Fund

Corporation	1989	1990	1991	1992	1993	1994	1995	1996	1997
					(millions of dollars)				
Canada Mortgage and Housing Corporation	8,879	8,678	8,484	8,419	8,181	8,075	7,835	7,263	6,938
Canada Deposit Insurance Corporation	1,695	1,375	1,225	1,785	3,085	3,151	2,160	1,627	855
Farm Credit Corporation	3,253	2,549	2,432	2,491	2,420	2,488	2,524	2,310	2,507
Other	1,218	1,106	934	975	819	415	307	233	204
Total	**15,045**	**13,708**	**13,075**	**13,670**	**14,505**	**14,129**	**12,826**	**11,433**	**10,504**

Note: Figures do not include “allowance for valuation”.

Source: Public Works and Government Services Canada data.