

MONTREAL EXCHANGE

Q1 2019 Highlights

Interest Rate Derivatives

5Y bond futures (CGF) volume **up 507%** YoY

- Daily volume record: 24k (Mar 27)
- Monthly volume record: 229k (Mar)
- Open interest record: 36k (Feb 20)
- CGF/CGB strategy ADV: 960 contracts

10Y bond futures (CGB) volume **up 23%** YoY

- Daily volume record: 943k (Feb 22)
- Open interest record: 1.12M (Feb 22)

Product	ADV	2013-2019 CAGR
BAX	121k	6%
OBX	2.7k	3%
CGF	10k	51%
CGB	131k	19%

Market Commentary

The Canadian yield curve flattened tremendously across all tenors, as the expectations of rate hikes coming from the BoC have vanished for the rest of 2019. For an update on Canadian short-term rates direction, see: m-x.ca/marc_terme_bax_rate_expectations_en.php.

Equity Derivatives

Share Futures volume **up 304%** YoY

- Daily volume record: 105k (Feb 12)
- Monthly volume record: 306k (Jan)

SXF sets new highs in multiple categories:

- Daily volume record: 260k (Mar 11)
- Open interest record: 518k (Mar 11)
- Monthly BTC* volume record: 1.3k ADV

Equity options volume **up 10%** YoY

Product	ADV	2013-2019 CAGR
Equity Options	130k	8%
ETF Options	36k	24%
SXF	30k	13%
Share Futures	15k	N/A

Market Commentary

The Canadian stock market had its greatest start since year 2000 (up 12.4%), helping to forget the December meltdown. The healthcare sector led the way, up 49%. Given this strong performance, market volatility has dropped significantly compared to Q4 2018.

Key Milestones and Facts

Q1 is a strong start into 2019

- Overall average daily volume **up 11% YoY** (476k)
- **2nd highest quarterly volume in history** (29.5M contracts traded)
- **4th highest monthly volume** (March, 10.6M contracts traded)
- March volume **up 29% YoY** (503k ADV)
- 9 new volume and OI records established

SXF and other Index Futures now available to trade as of 2 a.m. ET

The extension of MX trading hours on its Index futures suite was successfully launched on February 25th.

March statistics (during the 2 a.m. to 6 a.m. period)

- **Over 8,500** contracts traded
- Average daily volume of 404 contracts, with some days over 1,000 contracts.
- Over **30 participating firms**

5Y bond futures adoption is consistently increasing

CGF successfully went through its first quarterly roll since launch. Key March statistics:

- Average daily volume over **10k contracts**
- Open interest reached **35k contracts**
- Average bid-ask spread: 0.013 ticks

CGF/CGB spread strategy is now quoted and traded

The 2:1 ratio strategy is a convenient way to get 5Y/10Y curve spread exposure. The pricing is 2xCGF - 1xCGB.

June 11th, Save the date!

The 2019 edition of **CADC** will happen this summer in Montréal! Preliminary agenda and event details will be available soon.

New BAX Reds and Greens market making program

Effective since March 1, this new program enables greater market quality in BAX second and third year of quarterly expiries. First month results (BAX R&G):

- ADV of 50k (**up 59%** vs March 2018)
- Volume now represents 35% of total BAX volume

New partnership with OptionsPlay

MX and OptionsPlay have recently partnered to bring exclusive options education and actionable trading ideas and content to retail investors. Free education on basic and advanced option strategies will soon be offered. More info at m-x.ca/optionsplay/en.html.

Extended hours market data analysis

The Regulatory Division compared market data between the extended and regular trading hours for BAX and CGB. It concluded that during the 2 a.m to 6 a.m (ET) period, market participation appears to be healthy, promoting fair and transparent pricing. m-x.ca/publi_circulaires_en.php.

Did you know?

- A modernized and reorganized Rulebook is effective as of January 1. More information at m-x.ca/publi_new_rulebook_en.php.
- The BoC is hosting a series of meetings and webinars in April on **Canadian interest rate benchmark reform**. More info at bankofcanada.ca/expression-interest-attend-carr-roundtable-webinar/
- The Regulatory Division launched a participant portal, enabling participants to have round-the-clock access for consulting information related to their activities while facilitating the sending of requests, reports and notices. See details at reg.m-x.ca/en/portal.
- 15 new weekly equity options classes were launched in Q1. Complete list available at https://m-x.ca/nego_liste_en.php#WEEK.

For more information:

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