

Bank of Canada: Money Creation for Asset Purchases

As an indicator of the BoC ramping up money creation operations I have highlighted entries on the BoC balance sheet that are relevant. Things really start to heat up in March:

Yellow: Asset side of the balance sheet

Green: Liability side of the balance sheet

Turquoise: The amount of bank notes currently in circulation, paper money.

The first table is the monthly series which covers Nov. 2019 to Feb. 2020:

Month-end, Millions of dollars ₁	CANSIM	2019-10	2019-11	2019-12	2020-01	2020-02
Assets						
Government of Canada direct and guaranteed securities						
Treasury Bills	V36653	25,080	23,485	23,367	23,644	25,035
Government of Canada Bonds						
3 years and under	V36655	40,368	38,950	39,326	40,157	38,554
3-5 years	V36656	13,205	13,541	13,508	13,531	14,189
5-10 years	V36657	14,287	14,857	14,695	14,728	15,854
Over 10 years	V36658	11,430	11,661	11,501	11,961	11,991
Total Government of Canada Bonds	V36654	79,290	79,009	79,030	80,377	80,588
Canada Mortgage Bonds	V1038100657	516	517	511	512	513
Total	V36652	104,370	102,495	102,398	104,022	105,623

Month-end, Millions of dollars ¹	CANSIM	2019-10	2019-11	2019-12	2020-01	2020-02
Provincial Money Market	v1146067265					
Bankers' Acceptances	v1146067266					
Commercial Paper	v1146067267					
Loans and receivables						
Advances to members of Payments Canada	V36663	0	335	0	0	0
Other Advances	v1146067268					
Securities purchased under resale agreements	V36670	12,201	12,815	15,516	13,090	15,485
Other loans and receivables	V41550172	8	5	5	6	5
Other investments	V36660	445	448	438	450	462
Cash and foreign currency deposits	V36661	5	7	6	7	6
All other assets	V36659	738	735	768	766	762
Total assets	V36651	118,283	117,356	119,643	118,851	122,856
Liabilities and capital						
Notes in circulation	V36672	90,061	90,206	93,094	89,491	89,147
Canadian dollar deposits						
Government of Canada	V36677	24,184	22,787	21,766	24,700	25,658
Members of Payments Canada	V41886561	250	584	250	250	250
Other	V36681	2,509	2,510	3,228	2,994	6,282
Foreign currency liabilities	V36682	0	0	0	0	0
All other liabilities	V36684	742	728	775	875	965
Securities purchased under resale agreements	V41886562	0	0	0	0	0
Capital	V41886563	537	540	530	542	554
Total liabilities and capital	V36671	118,283	117,356	119,643	118,851	122,856

This second table is the weekly series which covers Mar. 11, 2020 to April 8, 2020, the beginning of another QE (quantitative easing), or in Canadian parlance “liquidity support.”

Weekly Wednesday, Millions of dollars	Cansim 2020	03-11	03-18	03-25	04-01	04-08
Treasury Bills	V36612	26,332	27,215	25,773	25,780	25,707
Total Government of Canada Bonds	V36613	76,498	76,928	76,960	77,650	83,280
Canada Mortgage Bonds	V1038114416	513	1,013	1,382	1,926	2,727
Provincial Money Market	v1146067261			278	845	1,988
Bankers' Acceptances	v1146067262			14,986	34,489	38,766
Commercial Paper	v1146067263					1,906
Advances	V36634	0	0	0	8,900	8,901
Securities purchased under resale agreements²	V44201362	15,480	18,739	33,480	64,769	110,655
All other assets	V36635	1,235	1,236	1,235	1,256	1,276
Total assets	V36610	120,059	125,131	154,094	215,615	275,206

Weekly Wednesday, Millions of dollars	Cansim	2020	03-11	03-18	03-25	04-01	04-08
Liabilities and capital							
Notes in circulation	V36625		89,043	90,005	91,538	92,131	92,502
Canadian dollar deposits							
Government of Canada	V36628		21,462	22,015	29,520	26,014	36,700
Members of Payments Canada	V36636		250	1,979	20,619	85,373	134,138
Other Deposits ³	v1146067264				10,777	10,411	10,239
All other liabilities and capital	V36632		9,304	11,131	1,640	1,685	1,628
Total liabilities and capital	V36624		120,059	125,131	154,094	215,615	275,206

1. 1. In the event that an [Emergency Lending Assistance \(ELA\)](#) advance is made, the advance will not be included until public disclosures have otherwise occurred. Any outstanding ELA advances are included in the Bank's monthly balance sheet and its annual and quarterly financial statements. The Banking and Financial Statistics will not be restated after ELA has been otherwise disclosed.[\[↩\]](#)
2. 2. Includes Overnight Repo and Term Repo Operations.[\[↩\]](#)
3. 3. Other Deposit figures are included as part of All other liabilities and capital for all periods prior to 2020-03-25.[\[↩\]](#)

Balance Sheet Total March 11, 2020 = \$120,059,000,000.00

Balance Sheet Total April 8, 2020 = \$275,206,000,000.00

Balance Sheet Difference = \$155,147,000,000.00

Currently the Bank of Canada has suspended publishing their balance sheets:

<https://www.bankofcanada.ca/rates/banking-and-financial-statistics/>

A short list of the various programs the BoC has running:

Provincial Money Market Purchase program (PMMP)

Contingent Term Repo Facility (CTRF)

Bankers' Acceptance Purchase Facility (BAPF)

Standing Term Liquidity Facility (STLF)

For those interested below are some published market notices from the Bank of Canada website:

Bank of Canada Market Notices: April 1-6, 2020

Wednesday, April 1, 2020, 15:00 (ET)

As part of the Bank of Canada's Provincial Money Market Purchase (PMMP) program, the Bank was allocated \$336.116 million of provincial treasury bills and/or promissory notes. This program acquires provincially-issued money market securities through the primary issuance market to support a liquid and well-functioning market for short-term provincial borrowings.

<https://www.bankofcanada.ca/2020/04/results-of-todays-provincial-money-market-purchase-program-5/>

Thursday, April 2, 2020, 12:45 (ET)

Today the Bank of Canada purchased \$ 235,000,000 of Canada Mortgage Bonds in the secondary market. The details are as follows:

Settlement	Maturity	Coupon Rate	Amount Purchased	Purchase Yield	ISIN
2020.04.06	2023.12.15	2.550	\$ 75,000,000	0.910%	CA13509PGU18
2020.04.06	2028.12.15	2.650	\$ 160,000,000	1.187%	CA13509PGS61

<https://www.bankofcanada.ca/2020/04/results-todays-canada-mortgage-bond-purchase-operation-020420/>

Thursday, April 2, 2020, 15:00 (ET)

As part of the Bank of Canada's Provincial Money Market Purchase (PMMP) program, the Bank was allocated \$417 million of provincial treasury bills and/or promissory notes.

This program acquires provincially-issued money market securities through the primary issuance market to support a liquid and well-functioning market for short-term provincial borrowings.

<https://www.bankofcanada.ca/2020/04/results-of-todays-provincial-money-market-purchase-program-6/>

Friday, April 3, 2020, 14:00 (ET)

Following the previous announcement regarding Additional Measures to Support Market Functioning, the Bank is announcing today that it is activating the [Contingent Term Repo Facility](#) (CTRF) effective Monday April 6, 2020 and that it will remain open for the next 12 months.

The CTRF offers Canadian dollar funding for a 1-month term to eligible counterparties on a standing, bilateral basis against securities issued or guaranteed by the Government of Canada or a provincial government.

Pricing for the facility will be set at the overnight index swap (OIS) rate of the maturity of the operation plus the higher of (1) 35 bps, (2) the highest spread over the OIS rate on the most recent term repo with the closest tenor, or (3) as otherwise determined by the Bank at the time of the transaction. Detailed [terms and conditions](#) can be found on the Bank of Canada's website.

To be eligible to participate in the CTRF, financial market participants need to demonstrate significant activity in the Canadian dollar fixed income or money markets and be subject to federal or provincial financial sector/market regulation. Participation and eligibility will ultimately be at the discretion of the Bank of Canada. Financial market participants who are interested in accessing the CTRF are asked to submit the CTRF [application form](#) to ContingentTermRepoFacility@bank-banque-canada.ca.

The Bank of Canada continues to closely monitor global and domestic market developments and remains committed to providing all the liquidity the financial system needs so that it can continue to serve Canadians.

<https://www.bankofcanada.ca/2020/04/bank-of-canada-announces-activation-of-the-contingent-term-repo-facility/>

Monday, April 6, 2020, 09:15 (ET)

The results of today's Bankers' Acceptance Purchase Facility (BAPF) operation are as follows:

Reverse auction date	Settlement date	Weighted-average yield	Amount purchased (\$B)
2020-04-06	2020-04-08	0.52%	\$5.57

Further details related to these operations are available in the [Terms and Conditions for Bankers' Acceptance Purchase Facility](#).

April 6, 2020, 08:00 (ET)

The minimum yield for today's BA Purchase Facility is 0.40%.

Additional operational details are as follows:

Amount (billions)	Reverse auction date	Settlement date	End of eligible maturity range
\$20	2020-04-06	2020-04-08	2020-07-28

Primary dealers are asked to submit their offers using the Bank provided submission spreadsheet between 8:30 (ET) and 9:00 (ET) on the day of the operation. Offers are to be submitted to operations@bankofcanada.ca. The results will be announced on the Bank's website as soon as possible following the operation.

Further details related to these operations are available in the [Terms and Conditions for Bankers' Acceptance Purchase Facility](#).

<https://www.bankofcanada.ca/2020/04/bank-canada-announces-minimum-yield-today-banker-acceptance-060420/>

Monday, April 6, 2020, 12:40 (ET)

Today the Bank of Canada purchased \$ 265,000,000 of Canada Mortgage Bonds in the secondary market. The details are as follows:

Settlement	Maturity	Coupon Rate	Amount Purchased	Purchase Yield	ISIN
2020.04.08	2022.12.15	2.400	\$ 75,000,000	0.760%	CA13509PDL46
2020.04.08	2023.12.15	2.550	\$ 190,000,000	0.964%	CA13509PGU18

<https://www.bankofcanada.ca/2020/04/results-todays-canada-mortgage-bond-purchase-operation-060420/>

Monday, April 6, 2020, 15:00 (ET)

As part of the Bank of Canada's Provincial Money Market Purchase (PMMP) program, the Bank was allocated \$188.8 million of provincial treasury bills and/or promissory notes.

This program acquires provincially-issued money market securities through the primary issuance market to support a liquid and well-functioning market for short-term provincial borrowings.

<https://www.bankofcanada.ca/2020/04/results-of-todays-provincial-money-market-purchase-program-7/>

Monday, April 6, 2020, 15:00 (ET)

The Bank of Canada (Bank) announced today that the next operation under the Bankers' Acceptance Purchase Program (BAPF) will be as follows:

Amount (billions)	Reverse auction date	Settlement date	End of eligible maturity range
\$10	2020-04-13	2020-04-15	2020-08-04

The reserve rate (minimum yield) for the next operation will be 3-month OIS + 20 bps.

Additional details, including the purchase amount and eligible maturity range will be provided following the prior operation.

BAPF operations will continue to be conducted weekly until market conditions improve. The weekly purchase size will be around \$10 billion, subject to market conditions. The reserve rate (minimum yield) will be published on the Bank's website ahead of each operation.

Primary dealers are asked to submit their offers using the Bank provided submission spreadsheet between 8:30 (ET) and 9:00 (ET) on the day of the operation. Offers are to be submitted to operations@bankofcanada.ca. The results will be announced on the Bank's website as soon as possible following the operation.

BAPF operations until the end of April will be conducted on the following dates:

Reverse auction date	Settlement date
2020-04-20	2020-04-22
2020-04-27	2020-04-29
2020-05-04	2020-05-06
2020-05-11	2020-05-13

Further details related to these operations are available in the [**Terms and Conditions for Bankers' Acceptance Purchase Facility**](#).

<https://www.bankofcanada.ca/2020/04/bank-of-canada-announces-details-of-its-bankers-acceptance-purchase-program-operations-3/>