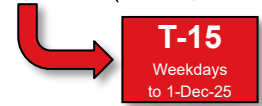


November 10, 2025 - (Vol. IX, No. 106)



## December 1<sup>st</sup>: Bigger than ever

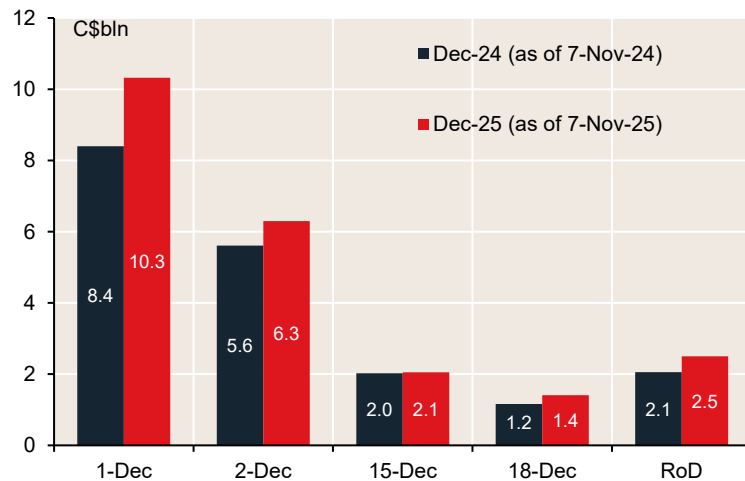
By Warren Lovely

In precisely fifteen weekdays, on December 1<sup>st</sup>, Canada's domestic bond market will be treated to some big-time coupon/roll effects. Indeed, this December 1<sup>st</sup> looks bigger than ever. All else equal then, material duration will be added, with striking changes for select buckets and/or sectors/issuers. Here's a T-15 update comparing this December 1<sup>st</sup> to last year. This complements two earlier *Market View* notes:

➤ [Pre-positioning for December cash/duration](#) (14-Oct-25; Vol. IX, No. 95)

### Chart 1: 23% more index cash this December 1<sup>st</sup> than last

FTSE Canada Universe Bond Index December cash flows: 2025 vs. 2024

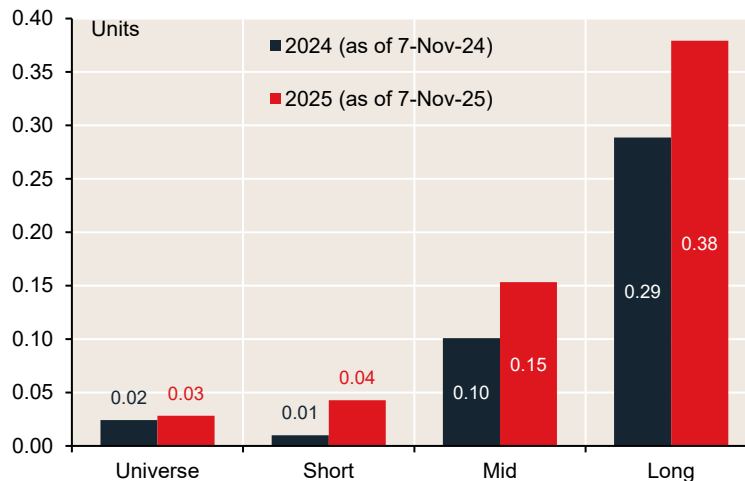


Source: NBC, FTSE Russell | Note: Generated as of 7-Nov for both years; RoD refers to rest of December (i.e., excluding 1<sup>st</sup>, 2<sup>nd</sup>, 15<sup>th</sup>, 18<sup>th</sup>)

**More cash!** — As it stands, some \$22.6bln of FTSE Canada Universe Bond Index interest income is to be paid this December. Almost half of that hits accounts on December 1<sup>st</sup>. At \$10.3bln, this year's dose of December 1<sup>st</sup> index-related cash is 23% higher than last year.

### Chart 3: More duration added this year (all else equal)

FTSE Canada Universe Bond Index December 1<sup>st</sup> duration change: 2025 vs. 2024



Source: NBC, FTSE Russell | Note: Based on index composition as at 7-Nov both years; assumes no change in yield curve; major buckets only

**More duration!** — With larger coupons and bigger rolls, it follows that this year's prospective duration impacts will be bigger than ever. Using latest constituents and index pricing, we identify larger December 1<sup>st</sup> duration impacts for the universe and every major bucket than a year ago.

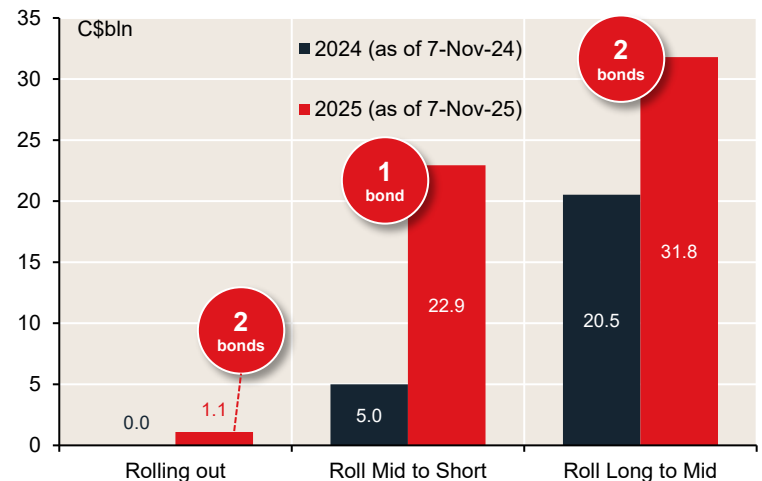
➤ [Over and out! December bond roll details](#) (21-Oct-25; Vol. IX, No. 98)

Charts 1-4 represent NBC estimates/simulations of the FTSE Canada Universe Bond Universe, using closing levels from November 7<sup>th</sup>. We compare 1-Dec-25 impacts to 1-Dec-24, based on constituents, projected cash flows and scheduled roll outs/roll overs at an equivalent point in time.

Hot on the heels of primarily GoC-centric impacts on December 1<sup>st</sup> will be non-trivial provincial- and PSE-related adjustments on December 2<sup>nd</sup>.

### Chart 2: Outstanding value of bonds rolling over also up big

FTSE Canada Universe Bond Index December 1<sup>st</sup> bond rolls: 2025 vs. 2024

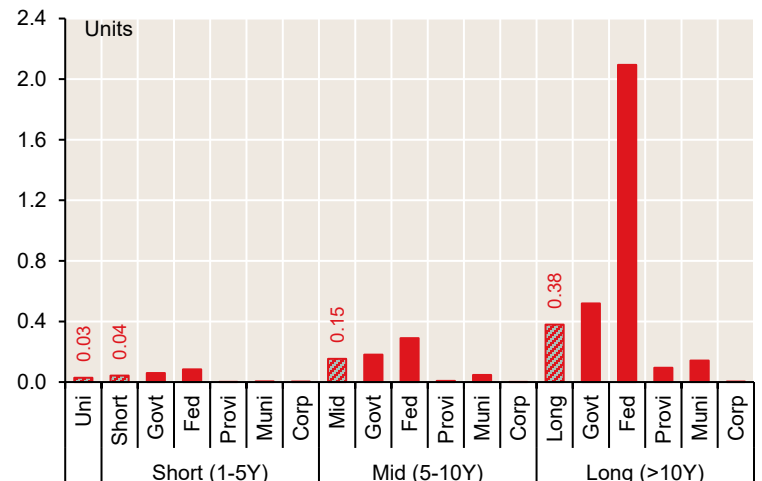


Source: NBC, FTSE Russell | Note: Based on index composition as at 7-Nov both years; detailed index composition would change in lead up to December 1<sup>st</sup>

**Bigger rolls!** — Bond roll impacts are also bigger this year. Currently, five bonds will see their FTSE Canada Universe Bond Index status change. Two bonds will drop out, but the far bigger impacts relate to issues rolling from Mid to Short (1-Dec-30) or Long to Mid (1-Dec-35).

### Chart 4: A GoC story, with Mid & Long buckets most in focus

FTSE Canada Universe Bond Index December 1<sup>st</sup> duration change: 2025 details

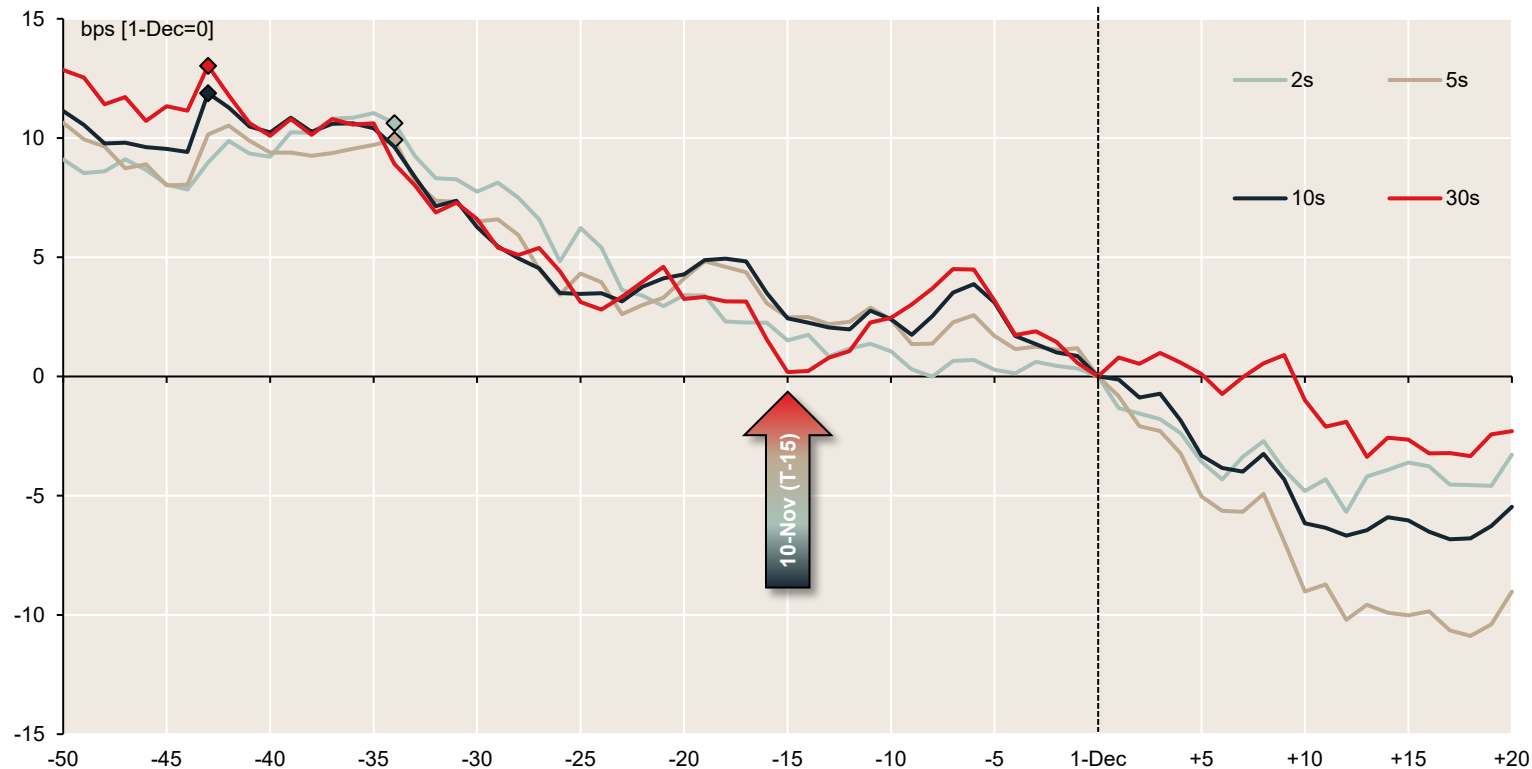


Source: NBC, FTSE Russell | Note: Based on index composition as at 7-Nov-25; assumes no change in yield curve; additional details by sus-sector available on request

**GoC in focus!** — The GoC is the primary catalyst for December 1<sup>st</sup> index adjustments. Indeed, looming impacts for the 'Federal Non-Agency' sub-sector will be genuinely striking (particularly in the Long bucket). Come December 2<sup>nd</sup>, index adjustments will be driven by provincials/PSEs.

**Chart 5: The historical perspective on Canada's cross-market performance (GoC vs. USTs) in/around December 1<sup>st</sup>**

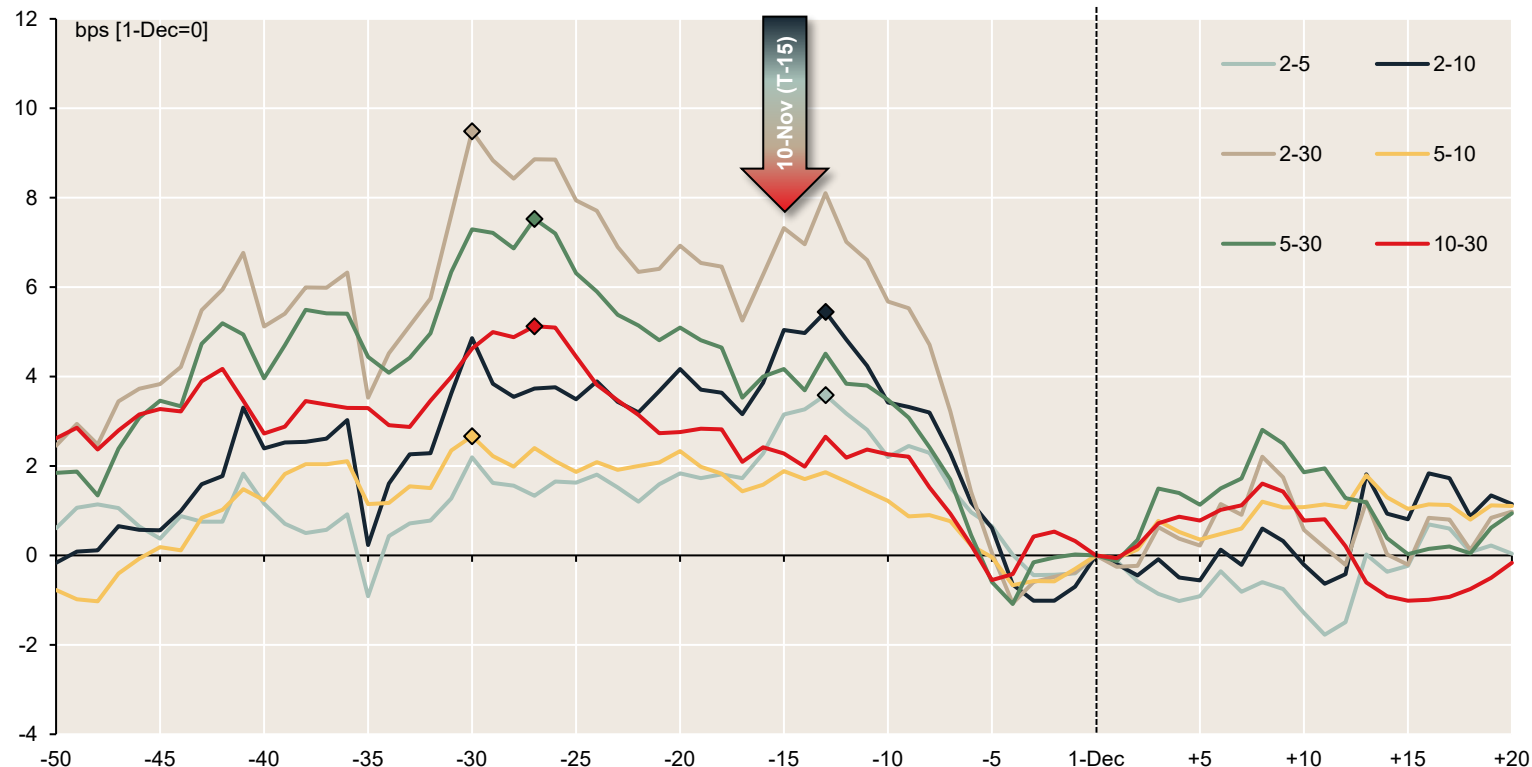
Cumulative change in Canada-US yield differentials relative to 1-Dec, based on prior 15Y average (2010-24)



Source: NBC, BBG | Note: Cumulative change based on generic BMs; horizontal axis reflects weekdays relative to 1-Dec (set to 0); markers are optimal entry based on 15Y average change; 7-Nov-25 is equivalent to T-15 weekdays vs. Monday 1-Dec-25

**Chart 6: The historical perspective on Canadian yield curve dynamics in/around December 1<sup>st</sup>**

Cumulative change in Canada benchmark bond yield curves relative to 1-Dec, based on prior 15Y average (2010-24)



Source: NBC, BBG | Note: Cumulative change based on generic BMs; horizontal axis reflects weekdays relative to 1-Dec (set to 0); markers are optimal entry based on 15Y average change; 7-Nov-25 is equivalent to T-15 weekdays vs. Monday 1-Dec-25



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