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Where have all the T-bills gone?

By Taylor Schleich

GoC treasury bill investors will have surely noticed a sharp slowdown in supply since the summer. For context, in late August the BoC conducted a \$30 billion T-bill auction. This week, just \$19 billion was on offer. And this isn't all about fewer maturing bills as these haven't declined nearly as much. As a result, *net* bill supply has been consistently negative. Since August, the bill stock has fallen nearly \$40 billion (slightly more if you exclude BoC purchases) with most of the drop coming since November (Chart 1). Is this the new normal for bill supply? Is the \$293 billion fiscal year-end outstanding target already stale? Not necessarily.

In August, the bill stock was well *above* the government's year-end target. Back then, Ottawa was employing large auctions (and utilizing cash management bills) to get money in the door ahead of a large bond maturity on 1-Sep (and two smaller ones in October and November). But since 1-Nov, there have been no maturing bonds to pay down so cash needs are naturally lower. It's no coincidence that this is when issuance really started winding down. This isn't a unique phenomenon either. In

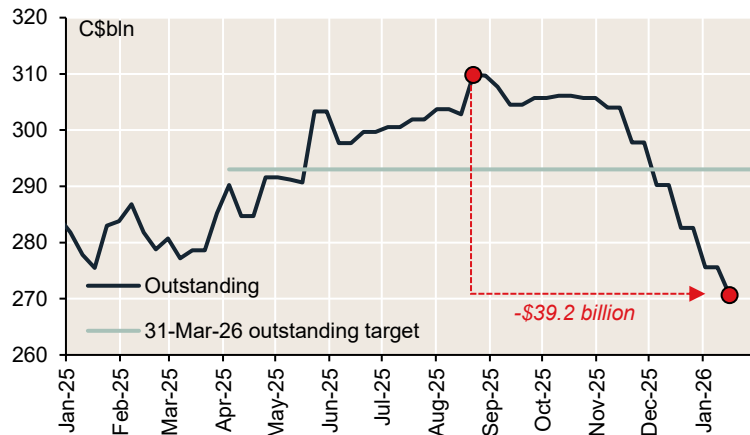
recent years, net supply has been negative near calendar year-end (Chart 2), although this year is far more pronounced.

Looking ahead, the government has some meaningful maturities to pay down. In addition to regular bill refinancing, nearly \$100 billion bonds mature between 1-Feb and 1-Jun including a chunky \$33 billion on 1-Mar (Chart 3). At the start of the year, GoC cash balances were moving lower so we should therefore start to see bill issuance pick back up to keep Ottawa liquid (as maturity payments are major cash drains, Chart 4).

Indicatively, ~\$27 billion bi-weekly auctions from here out would see the bill stock rise to target but it probably won't play out like this. Instead, it's more likely that supply is gradually ramped up with larger auctions closer to 1-Mar, including potential cash management bill supply. (Note that the \$293 billion bill stock target doesn't necessarily *need* to be reached but we doubt federal cash needs have changed *that* significantly since the fall budget, meaning we shouldn't stray too far from this mark). The bottom line is: T-bills may be scarce now, but supply is likely on the way.

Chart 1: T-bill stock has shrunk nearly \$40 billion since Aug.

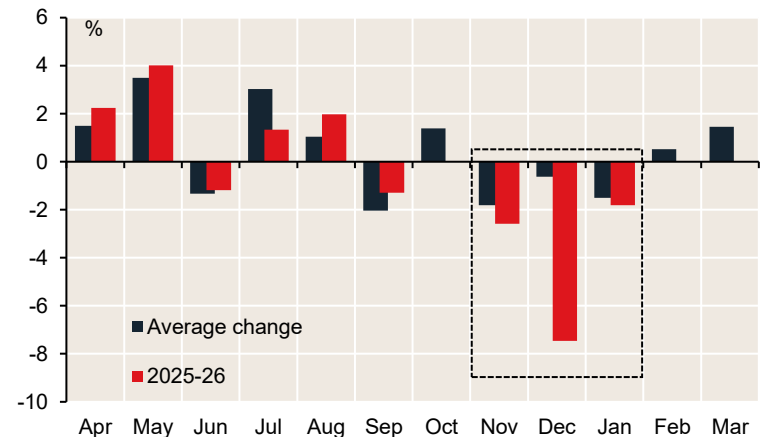
Outstanding GoC treasury bills and fiscal year end target from 2025-26 DMS



Source: NBC, BoC, GoC | Note: Ex-BoC holdings, publicly available stock is down \$42.3 bln

Chart 2: Winter supply shrinkage is not unique to 2025-26

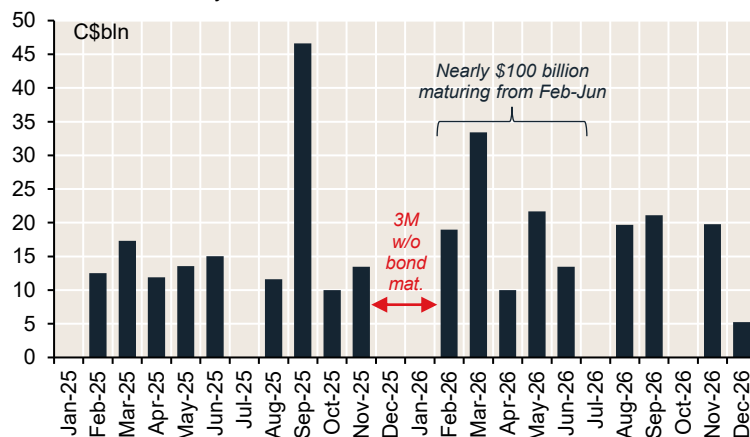
% change in GoC T-bill stock by month: 2025-26 vs. recent historical average



Source: NBC, BoC | Note: Average since 2018-19 fiscal year, excluding 2020-21

Chart 3: A maturity lull has limited Ottawa's cash needs...

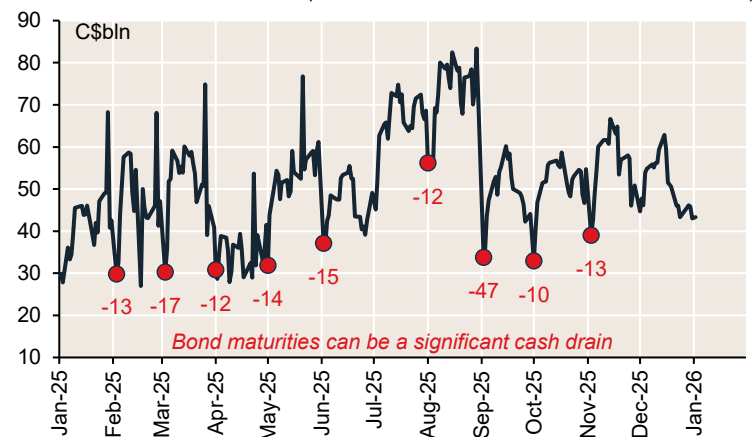
GoC bond maturities by month



Source: NBC, BoC | Note: In all cases, maturity occurred on first day of month

Chart 4: ...but more cash is needed to fund coming maturities

GoC cash balances since 2025 (incl. cash at BoC and cash lent via RG auctions)



Source: NBC, BoC, GoC | Note: Label refers to amount of maturing bond (Chart 3). Latest data point is 2-Jan-26.



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