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Domestic bond volumes: Crown me!

By Warren Lovely

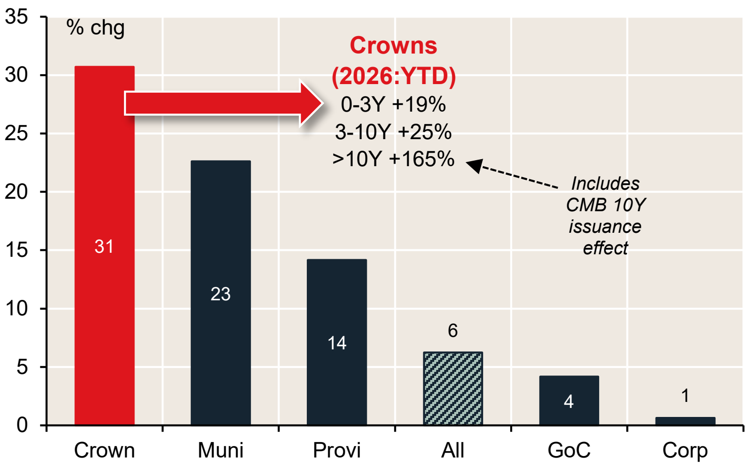
Last month, in a detailed ***In Focus*** report, we argued that an expanded Canada Mortgage Bond (CMB) program was "more relevant than ever". In fairness, our slogan could have been attached to Canada's broader **federal Crown sector**, which adds in CPPIB Capital and PSP Capital.

All three of these issuers have been more active in primary markets early in 2026. Pursuant to a new, higher $80 billion annual issuance limit, February saw an as-expected, two-tranche CMB deal: $6.5bln 10-year fixed ($4.25bln excluding GoC purchases) plus $1bln 5-year FRN. Note that the year's first 5-year fixed-rate CMB offering looms. Meanwhile, CPPIB Capital and PSP Capital are part of a broader build out of bond programs by Canada's vibrant PSE sector (where assets are accumulating rapidly). Beyond multiple international trades (in USD, EUR, AUD), CPPIB Capital has already tapped the domestic (CAD) market twice this year: January's $1.5bln 5-year fixed (new); February's $0.8bln 10-year fixed (re-open). With PSP Capital bringing a $1bln 7-year FRN in January, domestic supply from these two Crown asset managers is $3.3 billion YTD, well up from the $2.25 billion at this point last year.

As gross issuance from all three issuers exceeds maturities, the outstanding stock of available federal Crown bonds is building… and will continue to do so as the year rolls along. Secondary bond volumes have likewise headed higher in the federal Crown sector, as CIRO's fresh all-dealer MTRS data make abundantly clear. Behold…

Chart 1: Federal Crown bond volumes have shot higher

YTD growth in domestic bond trading volume by sector: 2026:YTD vs. 2025:YTD

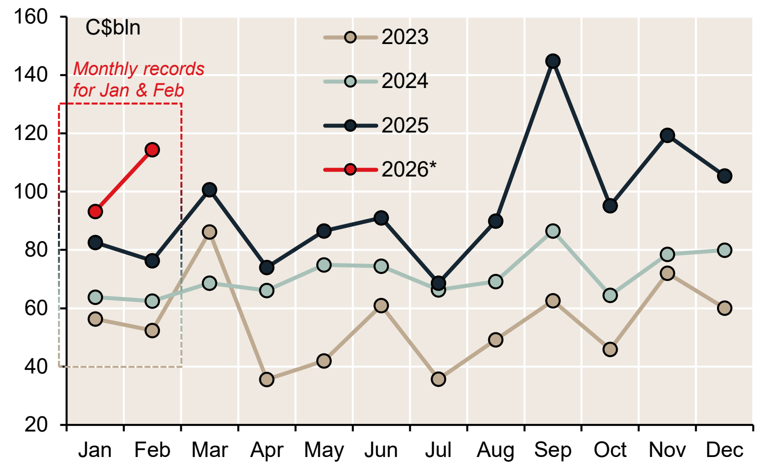


Source: NBC, CIRO | Note: Based on all dealer totals; YTD is Jan-Feb; Crown is federal

Two months into 2026, secondary trading of federal Crown bonds stood 31% higher vs. 2025:YTD. No sector has seen volume build quicker. Primary supply is up; so too is the stock of available product. Still, turnover ratios are on the rise for this strategically important sector.

Chart 2: Fresh volume records for both January & February

Monthly pattern of domestic federal Crown bond volume: By year

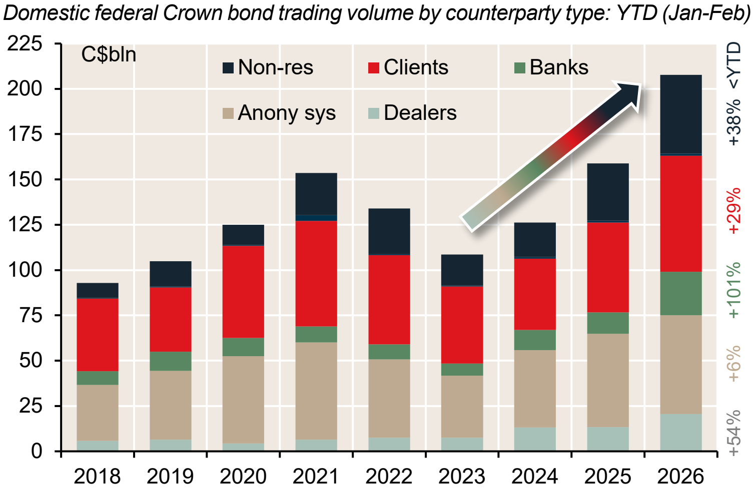


Source: NBC, CIRO | Note: All dealer totals; 2026 based on Jan-Feb only

Comparing Jan and Feb trading with prior years, Crown bond volumes have never been higher to start a year. Secondary trade has followed primary supply higher. More CMBs are being issued, while CPPIB Capital and PSP Capital have both been active domestically.

Chart 3: All counterparty types more actively trading Crowns

Domestic federal Crown bond trading volume by counterparty type: YTD (Jan-Feb)

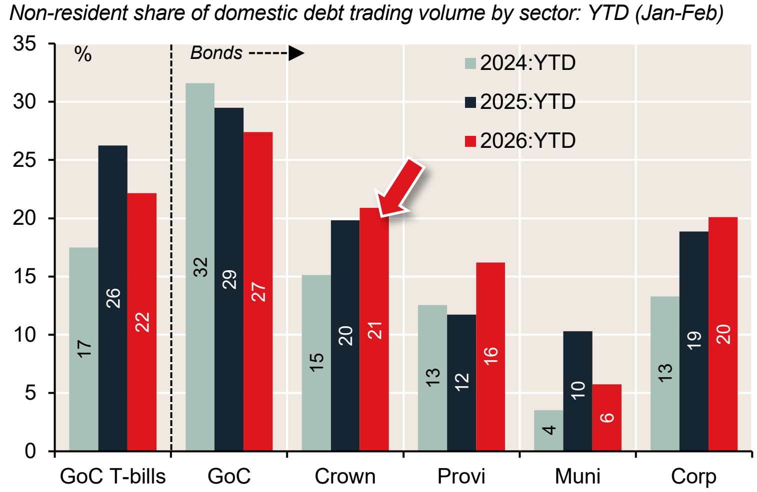


Source: NBC, CIRO | Note: All dealer totals

Highlighting the growing breadth to secondary trade, all counterparty types have been more active in federal Crown bonds. Banks have upped their engagement. So too have domestic institutional investors, which account for the largest volume share. Then there's non-residents…

Chart 4: Non-residents active in Crowns **(and other Cdn product)**

Non-resident share of domestic debt trading volume by sector: YTD (Jan-Feb)



Source: NBC, CIRO | Note: Based on all dealer totals; Crown is federal

…which collectively traded ~40% more Crown bonds than this time last year. Non-residents are increasingly active across Canada's domestic market. While hedge fund activity is **being scrutinized**, non-residents are bolstering liquidity and helping to absorb abundant supply.

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