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Securities Statistics: Sectoral supply (with a view to spreads)

By Warren Lovely & Taylor Schleich

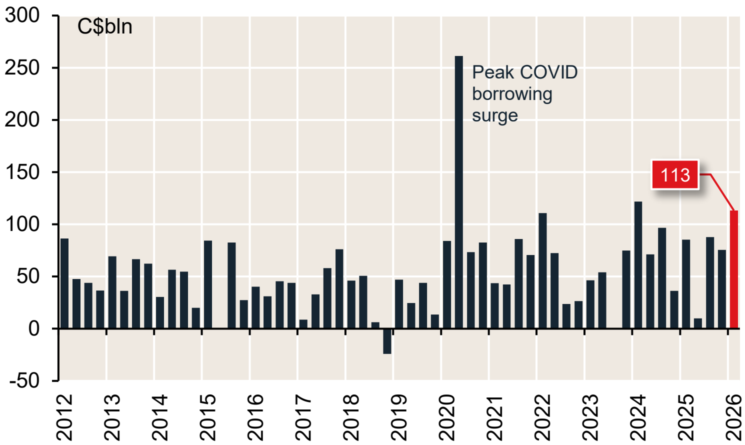
Once a quarter, as part of the broader set of national accounts, StatCan serves up a fresh batch of 'Securities Statistics' data. This particular release often goes under the radar, as was the case with the latest data drop earlier this week (relating to 2026:Q1). Nevertheless, for those viewing supply technicals as at least a *partial* determinant of bond valuations—consider us guilty as charged—there's some important stuff here (notwithstanding the requisite lag).

Some takeaways, illustrated in the following 10 charts:

Net bond issuance by all Canadian entities remains lofty in absolute, relative and seasonally adjusted terms. **(Charts 1-2)** | Canada's marginal borrowing is coming mainly from the government side, particularly when isolating for CAD issuance. **(Charts 3-4)** | The domestic bond market is increasingly govi-centric, with governments accounting for a record share of outstandings. Within government, debt is accumulating quicker at the federal level. **(Charts 5-6)** | Provincial funding needs are non-trivial. But provinces have steered a record amount of net supply to international markets, taking advantage of strong foreign investor demand. That's driven the CAD share of outstanding provincial bonds lower. **(Charts 7-8)** | The current balance of CAD supply—provincial vs. federal—is consistent with tight credit spreads. NBC's bond supply outlook for 2027 would remain technically supportive for provincial G-spreads, all else equal. **(Charts 9-10)**

Chart 1: 2026:Q1 ranks as 3rd largest quarter of net supply

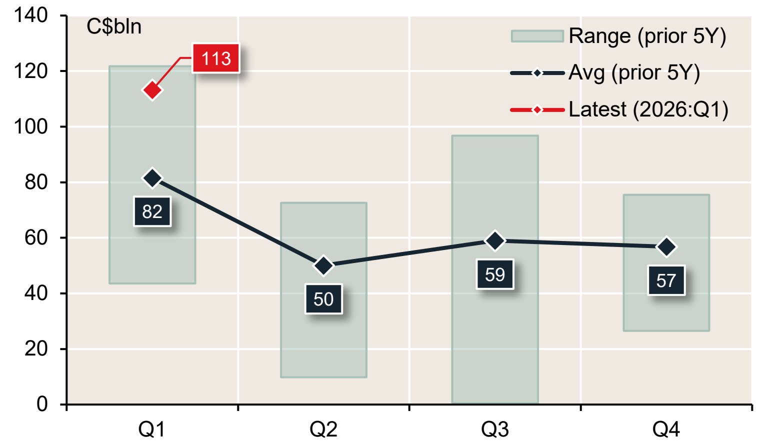
Net new issuance of Canadian long-term debt: All sectors, all currencies



Source: NBC, StatCan | Note: Quarterly to 2026:Q1

Chart 2: Fast tempo even considering quarterly seasonality

Quarterly pattern of net new issuance of Cdn long-term debt: All sectors, all ccys

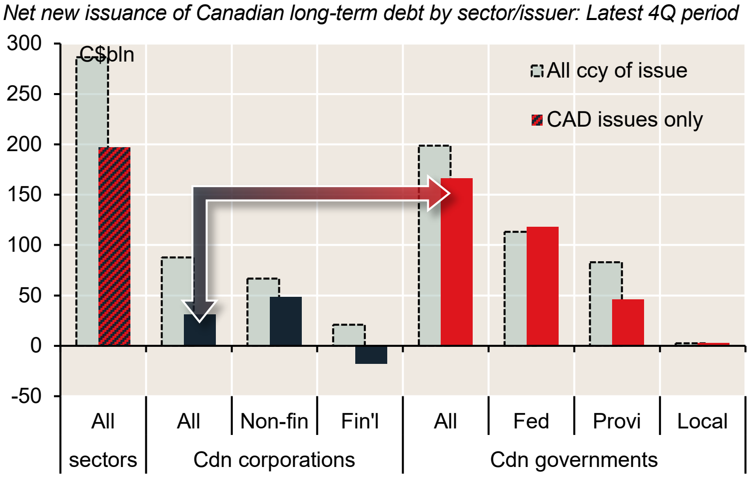


Source: NBC, StatCan | Note: Average/range based on prior 5Y (2021-25)

At $113bln, 2026:Q1 net bond supply (from all Canadian issuers, in all currencies) was the third largest quarterly tally on record. While well shy of the perhaps never-to-be-repeated 2020:Q2 borrowing surge, net issuance was only a snick short of 2024:Q1 and relatively elevated after controlling for post-COVID seasonal tendencies (which point to Q1 as the busiest quarter of the year).

Chart 3: Governments account for most net supply…

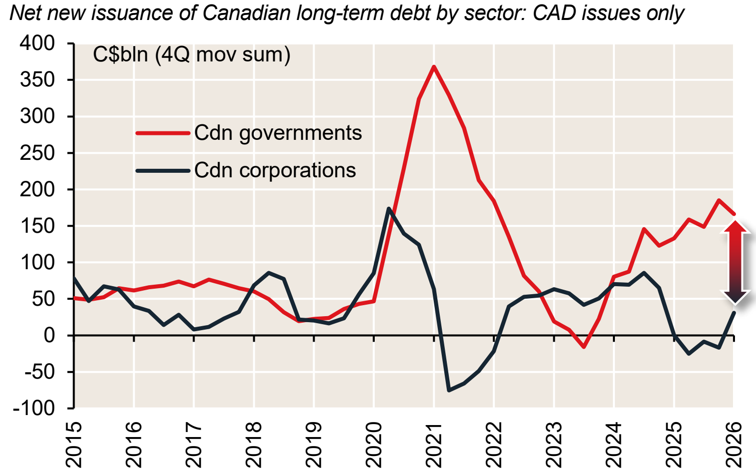
Net new issuance of Canadian long-term debt by sector/issuer: Latest 4Q period



Source: NBC, StatCan | Note: 4Q sum to 2026:Q1

Chart 4: … which isn't exactly a new story

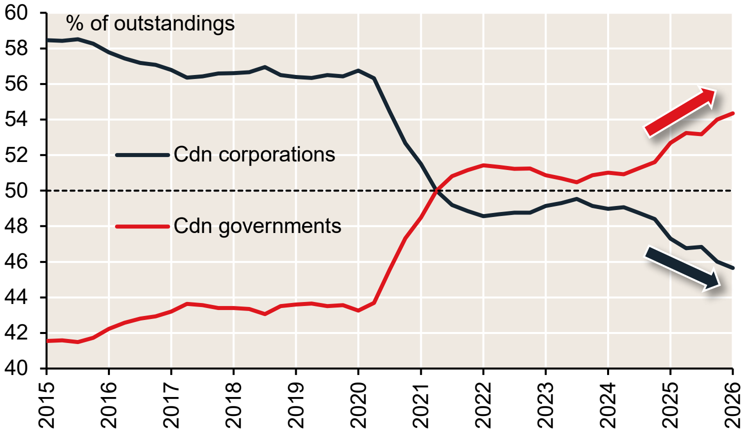
Net new issuance of Canadian long-term debt by sector: CAD issues only



Source: NBC, StatCan | Note: Quarterly to 2026:Q1; gov't includes all levels

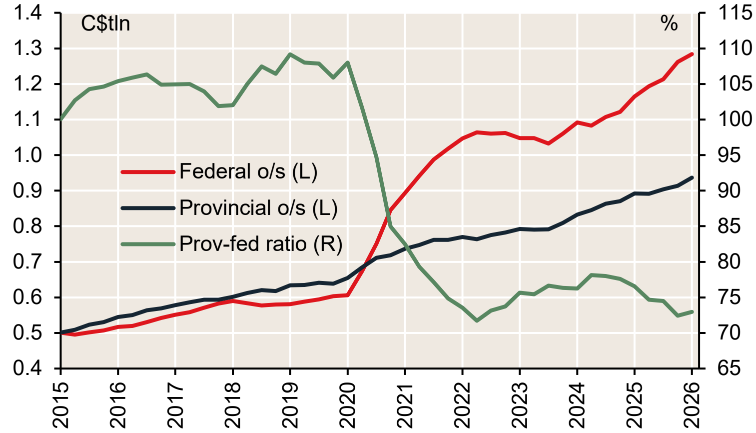
Setting aside the non-trivial sums lifted from international markets, Canada's domestic bond market was served up almost $200bln in net new issues in the latest 4-quarter period (controlling for maturities). The clear majority of net supply originated in the government sector, with financials holding back net domestic issuance on the corporate side. Indeed, since geopolitical uncertainty flared in early 2025, governments have stepped into the breach, with debt-financed measures to protect/transform the economy driving the wedge between government and corporate net bond supply.

Chart 5: Canada's bond market more & more govi-focused
Share of outstanding Canadian long-term debt: CAD issues only



Source: NBC, StatCan | Note: Quarterly (book value) to 2026:Q1; gov't includes all levels

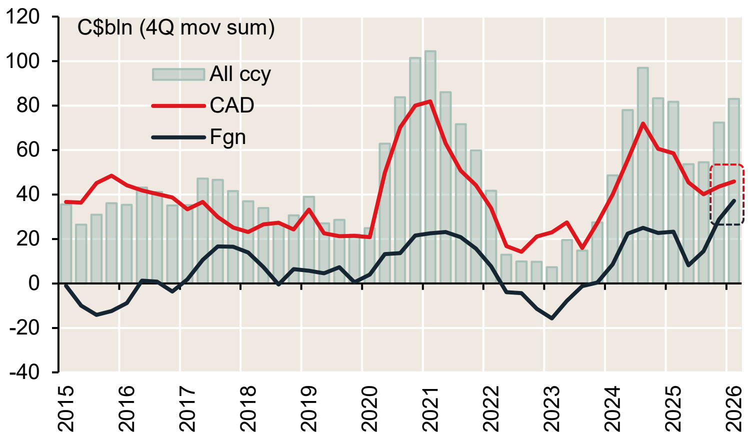
Chart 6: Federal debt curve relatively steep(er)
Federal-provincial long-term debt, absolute & relative: CAD issues only



Source: NBC, StatCan | Note: Quarterly (book value) to 2026:Q1

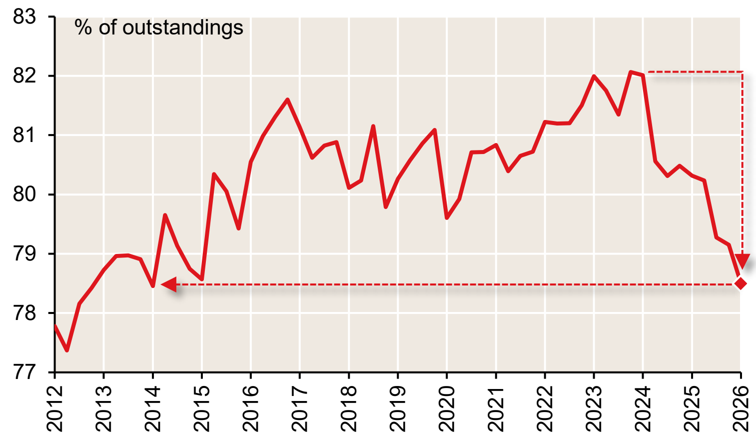
With governments outborrowing corporates in 8 of the past 10 quarters (generally by *wide* margins), Canada's domestic bond market is increasingly govi-centric. Governments accounted for a record 54.3% of domestic outstandings as of 2026:Q1. Within the government sector, net issuance is fast(est) for the feds, propelling the GoC debt curve higher/steeper relative to domestic provincials.

Chart 7: Provinces leverage international debt markets…
Net new issuance of provincial long-term debt by currency of issue



Source: NBC, StatCan | Note: Quarterly to 2026:Q1

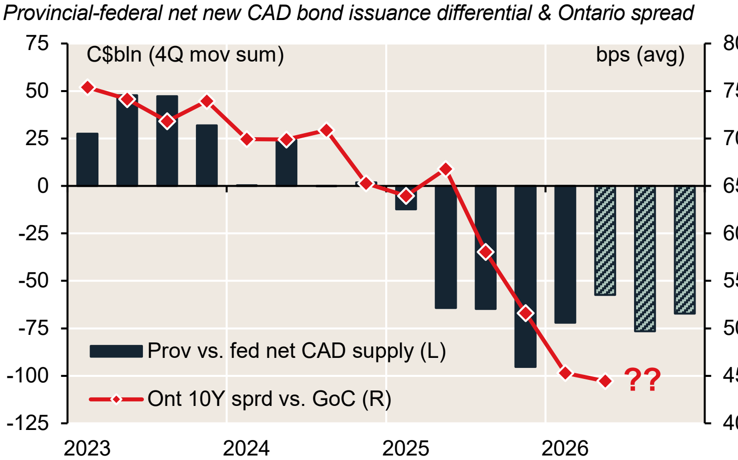
Chart 8: … driving CAD share of provincial debt stock down
Domestic (CAD) share of outstanding provincial long-term debt



Source: NBC, StatCan | Note: Quarterly (book value) to 2026:Q1

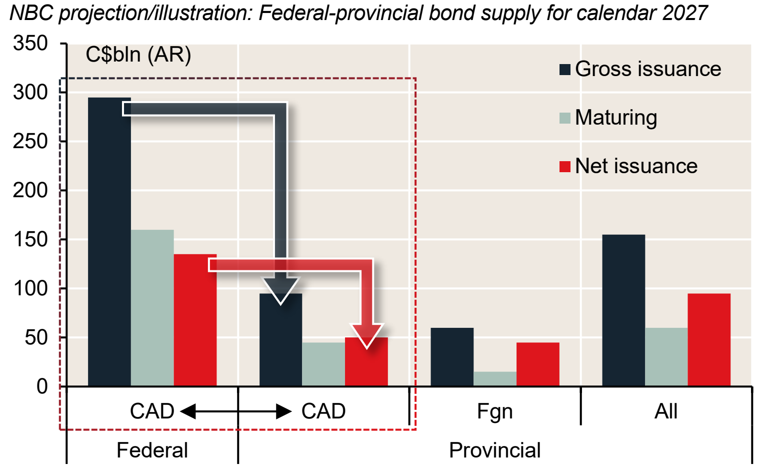
Collectively, provinces have lighter net funding needs than for Ottawa. Beyond that, provinces have leveraged robust foreign investor demand for their paper. Net of maturities, international issuance has set records, the foreign currency provincial bond stock growing almost as fast as domestic liabilities through 2026:Q1. That's driven the CAD share of provincial outstandings sharply lower.

Chart 9: Balance of supply supports tight provi G-spreads
Provincial-federal net new CAD bond issuance differential & Ontario spread



Source: NBC, StatCan, GoC, prov gov'ts, BBG | Note: Ont spread based on NBC indications through 11-Jun-26; supply differential is actual to 2026:Q1 & NBC projection thereafter

Chart 10: 2027 supply picture spread supportive (all else equal)
NBC projection/illustration: Federal-provincial bond supply for calendar 2027



Source: NBC, StatCan GoC, prov gov'ts, BBG | Note: NBC supply projection based on official borrowing req'ts & maturity profiles; assumed provincial CAD-fgn issuance mix subject to chg

By diverting record supply to foreign markets, provinces have kept domestic issuance to highly digestible levels. While provincial credit spreads are influenced by broader risk sentiment (among other things), the current balance of net CAD bond supply—provincial vs. federal—is supportive of tight provincial G-spreads (ceteris paribus). We see this technically supportive picture remaining in place at least through 2027. We anticipate $130-140bln of net GoC bond supply in calendar 2027 vs. perhaps $50bln in net CAD issuance from the provinces, a gap at least as wide as in 2026.

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