

# The Twelve Ten Days Pre-Cashflow

By Warren Lovely

♪ On the tenth day pre-cashflow, NBC reminded me... ♪

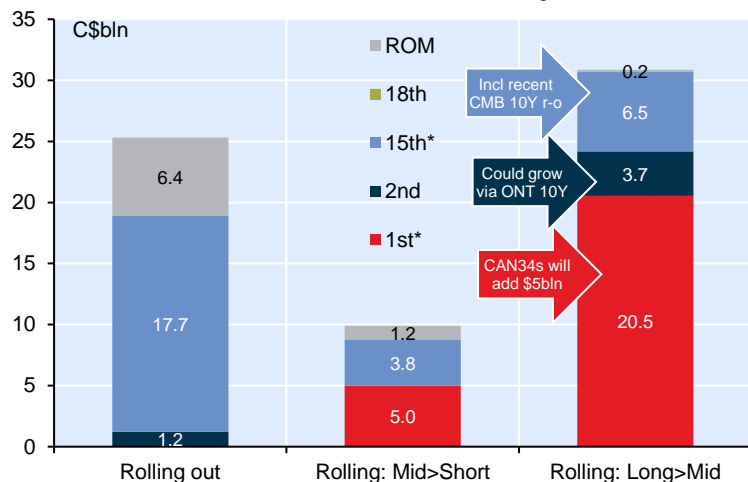
♪ T-10) Bonds a-rolling ♪

We continue with 'The Twelve Days Pre-Cashflow'. Our immediately preceding stanza (which we sung Friday on what was T-11 weekdays to the start of December) was: Cash con-centrating. That brings us to T-10 and with it a fresh verse: Bonds a-rolling.

In the same way that coupons will be concentrated on December 2<sup>nd</sup>—since December 1<sup>st</sup> is a Sunday—bond roll effects will be lumpy. As it stands, seven bonds will see their index status change on the 2<sup>nd</sup>. Most notable will be the rolling down of four bonds from the 'Long' to the 'Mid' bucket, where combined holdings currently top \$24 billion. That makes this year's two-day roll-over more material than in recent years.

### Chart T-10(a): Bonds a-rolling this December

FTSE Canada Universe Bond Index: Value of bonds rolling out/over in Dec-24



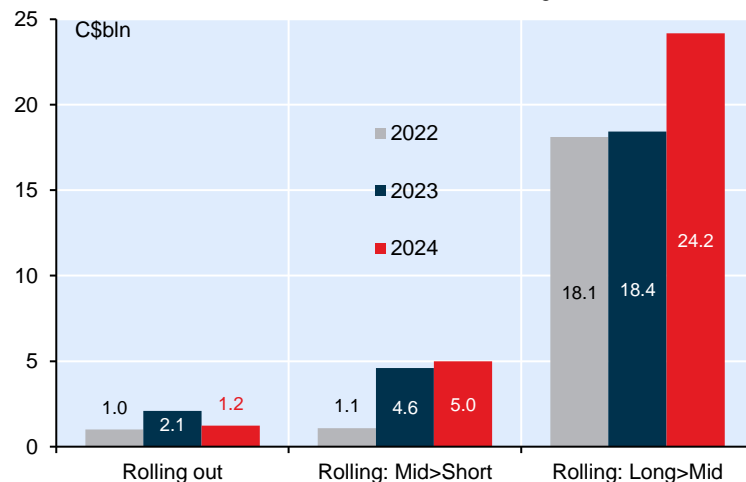
Source: NBC, FTSE Russell | Note: Based on index composition as at 14-Nov-24; value of final rolls will change as index evolves & bonds issued; 1-Dec & 15-Dec fall on weekend in 2024; ROM refers to rest of Dec; see Table below for select security details for 1-Dec & 2-Dec

Strictly speaking, the December 2<sup>nd</sup> Long>Mid status change involves federal (CAN), provincial (ONT, NF) and municipal (MNTRL) product. But the CAN 3.25% 1-Dec-2034s will undoubtedly exert outsized influence. This issue is already \$20 billion in size but will be re-opened again this week. Tacking on another 5 yards via Wednesday's auction only enhances what is going to be a substantial duration event for the 'Long' end. Elsewhere, Ontario's 3.8% 2-Dec-34 bond (the current 10-year benchmark) could possibly be re-opened. While a less-immediate roll, the CANHOU 3.5% 15-Dec-2034 issue just doubled in size.

That's meant as a segue to tomorrow's T-9 offering: Indices ex-tending.

### Chart T-10(b): How Dec 1<sup>st</sup>/2<sup>nd</sup> rolls compare to prior years

FTSE Canada Universe Bond Index: Value of bonds rolling on 1-Dec & 2-Dec



Source: NBC, FTSE Russell | Note: Combined sum of roll outs/roll overs for the two days; based on index composition as at 14-Nov each year; value of final rolls would have/will change as index evolves & bonds issued; see Table below for 2024 securities

### Table T-10: A closer look at the bonds a-rolling on the first business day of December


FTSE Canada Universe Bond Index: Specific bonds rolling out of index or rolling over from one bucket to another on select Dec-24 days


| December 1st*: FTSE Canada Universe Bond Index rolls out/roll overs (captured December 2nd) |       |               |             |          |                           |       |               |             |          |                          |       |               |             |          |
|---|-------|---------------|-------------|----------|---------------------------|-------|---------------|-------------|----------|--------------------------|-------|---------------|-------------|----------|
| Rolling out of UNIVERSE   |       |               |             |          | Rolling over MID to SHORT |       |               |             |          | Rolling over LONG to MID |       |               |             |          |
| Issuer Ticker   | Cpn % | Maturity Date | O/S C\$m/ln | Weight % | Issuer Ticker             | Cpn % | Maturity Date | O/S C\$m/ln | Weight % | Issuer Ticker            | Cpn % | Maturity Date | O/S C\$m/ln | Weight % |
| N/A   |       |               |             |          | CAN                       | 2.25  | 1-Dec-29      | 5,000       | 0.21     | CAN                      | 3.25  | 1-Dec-34      | 20,000      | 0.89     |
| <b>Total rolling over</b>   |       |               |             |          | <b>0 0.00</b>             |       |               |             |          | <b>5,000 0.21</b>        |       |               |             |          |
| <b>0 0.00</b>   |       |               |             |          | <b>5,000 0.21</b>         |       |               |             |          | <b>20,530 0.91</b>       |       |               |             |          |
| <b>0 0.00</b>   |       |               |             |          | <b>0 0.00</b>             |       |               |             |          | <b>20,530 0.91</b>       |       |               |             |          |
| December 2nd: FTSE Canada Universe Bond Index roll outs/roll overs                          |       |               |             |          |                           |       |               |             |          |                          |       |               |             |          |
| Rolling out of UNIVERSE   |       |               |             |          | Rolling over MID to SHORT |       |               |             |          | Rolling over LONG to MID |       |               |             |          |
| Issuer Ticker   | Cpn % | Maturity Date | O/S C\$m/ln | Weight % | Issuer Ticker             | Cpn % | Maturity Date | O/S C\$m/ln | Weight % | Issuer Ticker            | Cpn % | Maturity Date | O/S C\$m/ln | Weight % |
| ONT   | 8.50  | 2-Dec-25      | 831         | 0.04     | N/A                       |       |               |             |          | ONT                      | 3.80  | 2-Dec-34      | 3,250       | 0.14     |
| CIXCN   | 7.00  | 2-Dec-25      | 400         | 0.02     |                           |       |               |             |          | NF                       | 3.85  | 2-Dec-34      | 400         | 0.02     |
| <b>Total rolling out</b>  |       |               |             |          | <b>1,231 0.06</b>         |       |               |             |          | <b>0 0.00</b>            |       |               |             |          |
| <b>1,231 0.06</b>   |       |               |             |          | <b>0 0.00</b>             |       |               |             |          | <b>3,650 0.16</b>        |       |               |             |          |

Source: NBC, FTSE Russell | Note: Based on index composition as at 14-Nov-24; amount O/S & weight relate to "current holdings"; certain bonds could/will increase in size before 2-Dec



## NBC's 'The Twelve Days Pre-Cashflow' (2024 edition)

**T-12) Coupons a-clipping** (released November 14<sup>th</sup>) 

**T-11) Cash con-centrating** (released November 15<sup>th</sup>) 

**T-10) Bonds a-rolling** (coming November 18<sup>th</sup>) 

**T-9) Indices ex-tending** (coming November 19<sup>th</sup>)

**T-8) Buckets re-weighting** (coming November 20<sup>th</sup>)

**T-7) Sectors ad-justing** (coming November 21<sup>st</sup>)

**T-6) Yields a-falling** (coming November 22<sup>nd</sup>)

**T-5) Curves a-flattening** (coming November 25<sup>th</sup>)

**T-4) Diffs com-pressing** (coming November 26<sup>th</sup>)

**T-3) Spreads a-tightening** (coming November 27<sup>th</sup>)

**T-2) Issuers a-waiting** (coming November 28<sup>th</sup>)

**T-1) One golden rule** (coming November 29<sup>th</sup>)

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## Other Dec-24 cashflow-related reports:

**December cashflows come into view: Part A** (released October 22<sup>nd</sup>)

**December cashflows come into view: Part B** (released October 28<sup>th</sup>)

**December cashflows come into view: Part C** (released November 4<sup>th</sup>)



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