

MONTRÉAL EXCHANGE

Q1 2020 Highlights

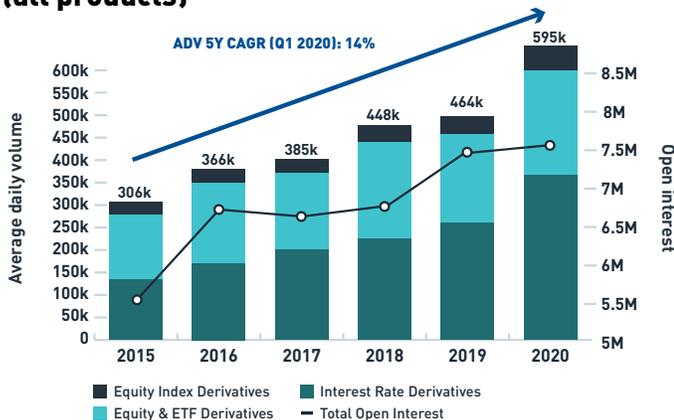
High volatility in both fixed income and equity derivatives contributed to the strong performance of the Montréal Exchange's products in the first quarter of 2020.

Key Highlights

Total **Average Daily Volume** of 595k contracts, up 25% YoY.
Total **Open Interest** of 7.6M contracts, up 3% YoY

- Record quarter: 37.5M contracts traded
- Record daily volume: 1.5M contracts traded (Feb 24)
- Record monthly volume (Mar): 14.1M contracts traded
- 8 new records established in March 2020

Average Daily Volume and Open Interest (all products)



Product Highlights

Trading opportunities arise in STIR Futures (BAX) and Options (OBX)

BAX average daily volume: 162k, up 34% YoY

OBX average daily volume: 7k, up 154% YoY

Options market gains momentum

USD options (USX): Highest monthly volume (March) since 2016: 5k contracts

Options volume coming from RevCon strategies: 665k contracts

ETF options: 39k ADV, up 8% YoY

Volume and Open Interest displayed in number of contracts

Yield curve shift drives volume in CAD bond futures

5Y (CGF) average daily volume: 30k, up 208% YoY

CGF daily volume record: 76k (Feb 26)

CGF monthly volume record: 40k ADV (Feb)

CGF quarterly record for EFP volume: 238k contracts

10Y (CGB) average daily volume: 157k, up 20% YoY

5Y/10Y strategy volume: 135k contracts, up 25% vs Q4 2019

Index Derivatives benefit from high market volatility

SXF index futures average daily volume: 46k, up 53% YoY

SXF daily volume record: 308k (Mar 16)

SXF monthly volume record: 84k ADV (Mar)

Single Share Futures reach new highs

SSF ADV: 38k, RevCon (options) ADV: 11k, total ADV: 49k

SSF average daily volume: 38k, up 158% YoY

SSF daily volume record: 221k (Mar 12)

SSF monthly volume record: 47k ADV (Mar)

SSF open interest record: 1.1M (Mar 19)

Basis trade on Close (BTC): 82% of SSF volume in Q1

Key Product Statistics

Product	2020 ADV	YoY CHG (%)
BAX	162k	34%
CGF	30k	208%
CGB	157k	20%
SXF	46k	53%
Share Futures	38k	158%
ETF Options	39k	8%

Comments

- **Interest Rate Market:** Volatility picked up in the first quarter of the year due to the uncertainties related to the COVID-19 pandemic. In order to stimulate the economy and support financial markets in this crisis, the Bank of Canada cut its key interest rate by 50 basis points three times in March. The entire Canadian yield curve inevitably fell to historic low levels.

- **Equities Market:** The Canadian stock market had its weakest quarter since 2008, posting a return of -22% in Q1. The energy sector has been particularly impacted by the decline in oil prices due to the economic slowdown and price war. Volatility rose sharply as of mid-February and was still at record-highs by the end of the quarter.

Key Milestones and Facts

Extended Hours - Volume still ramping up!

Volume on flagship products has increased significantly during the extended hours period (2 a.m. to 6 a.m. [ET]). Q1 statistics during the extended hours period:

Products	Q1 ADV	Growth vs Q1 2019
All products	22k	173%
BAX	9k	191%
CGB	11k	130%
SXF	1.6k	366%

Cannabis Index Futures now available for trading! On January 31, MX introduced the S&P/MX International Cannabis Index Futures, for which the underlying index is designed to measure the performance of companies significantly involved in the cannabis sector and trading on the TSX, TSX-V, NYSE or Nasdaq. Details on the Index and on the product are available on the [S&P/MX International Cannabis Index Futures Webpage](#).

CORRA Futures: As part of the efforts put forward by the Bank of Canada to promote the development and adoption of CORRA as the main interest rate benchmark rate, the MX plans to launch a CORRA Futures product in June 2020. A 3M CORRA Futures [product brochure](#) is now available and upcoming webinars on the product and context will soon be announced. For more information, please visit the [CORRA Futures Webpage](#).

CADC 2020 postponed: Due to COVID-19, the 20th edition of the Canadian Annual Derivatives Conference (CADC), initially scheduled for June 9 at the Four Seasons Hotel in Montreal, will be postponed to November 16, 2020. More information about the program will be available as we approach the event.

“BTC” functionality enabled on additional Share and Index Futures! On March 6, the MX extended its basis trade on close (BTC) functionality to 11 new Share Futures. The [complete list](#) of eligible Share Futures symbols is available on the MX website.

Publication of MX-R’s newsletter and 2020 initiatives! On February 3, the Regulatory Division of the Exchange issued the latest copy of its [bi-annual newsletter](#), for which the purpose is to provide general information on regulatory activities. The Division uses this opportunity to share observed best practices with respect to regulatory compliance. Additionally, the Regulatory Division published its [compliance priorities and 2020 initiatives](#) on February 5.

HSVF and OBF protocol enhancements: On May 11, MX will introduce 2 new diffusion protocols. Enhancements to existing protocols include:

- Price field modifications to allow for 4 decimals
- Microsecond timestamps
- Expanded Market Feed Indicators
- 2 character Strategy Codes to identify strategy types

Did you know?

- MX is planning to launch two IRD futures in 2020?
 - 3M CORRA Futures (June 2020)
 - 2Y (CGZ) GoC Bond Futures (Q4)
- MX offers Options contracts on more than 280 equity and 44 ETF classes available for trading
- Next online [webinar](#) “Options as a Hedging Strategy” is scheduled on April 28
- A new [Glossary of Derivatives](#) developed by MX and now available online
- MX provides many [Educational Trading Tools](#) on its website, here are a few popular resources:
 - [Option Matters blog](#)
 - [Trading Simulator](#)
 - [Covered Call screener](#)

For more information

m-x.ca

INTEREST RATE DERIVATIVES

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