

Canada Wide Savings, Loan and Trust Company

Strengths Of Canada's Money Supply

- Highly consistent indicator released weekly w/ reporting history
- Often misinterpreted by investors, creating opportunities for those who know how to utilize it
- There is a healthy level of tension b/w between money supply and GDP, as well as inflation



Weaknesses of Money Supply In Canada

- Rarely a mover of the market in a short time
- Limited time to enter a bubble, it usually crashes down quickly. Not a lot of time to position oneself to take
- Lack of consensus on how to compare money supply to other inflationary indicators in spending patterns



Money Supply & Canada

There are different ways to approach the concept of money supply in Canada. It is a complex issue that involves many factors.

The Bank of Canada has a variety of tools to manage the money supply. It can increase or decrease the amount of money in circulation by buying or selling government bonds.



How Money Supply Is Divided In Canada

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Money Supply (Millions)

2019	M1	\$409,972	2019	M2	\$542,928
	M2	\$409,972		M3	\$542,928
	M3	\$409,972			
2020	M1	\$409,972	2020	M2	\$542,928
	M2	\$409,972		M3	\$542,928
	M3	\$409,972			
2021	M1	\$409,972	2021	M2	\$542,928
	M2	\$409,972		M3	\$542,928
	M3	\$409,972			



Various Measures of Canadian Money Supply

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Money Supply In Brief

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Money Supply & Canada



Weaknesses of Money Supply In Canada



How Money Supply Is Divided In Canada



Money Supply (Millions)

2008 - M1 - \$428,509	2010 - M1 - \$527,928
- M2 - \$825,594	- M2 - \$1,009,557
- M3 - \$1,758,250	- M3 - 1,368,967
2009 - M1 - \$435,776	2011 - M1 - \$502,791
- M2 - \$928,935	- M2 - \$1,062,402
- M3 - \$1,300,881	- M3 - 1,471,689



Narrow Measures of Canada's Money Supply

Money Supply In Brief

Money Supply is the amount of money floating around in the economy. It includes all the money in circulation, in banks, and in the hands of the public. It is the total amount of money that is available for use in the economy.



How Money Supply Is Divided In Canada



Money Supply In Brief

Money Supply is the amount of money floating around the economy available for spending. In other words, it is all the money available in an economy that can be used to purchase goods/services, and all the other money that is secured in accounts, but is also in circulation.



Money Supply & Canada

There are different "numerical aggregates" that demonstrate each grouping of money based upon the liquidity of that group.

To begin, we are going to take a look at the Broad Measures of money supply and then we will continue into the more Narrow measures of Money Supply in Canada.



How Money Supply Is Divided In Canada

M2 Gross - Currency outside banks + bank deposits, bank non-personal demand/notice deposits, less interbank deposits, plus community adjustments

M3 Gross - Plus bank non-personal term deposits and foreign-currency deposits of residents, less interbank deposits, plus continuity adjustments.



How Money Supply Is Divided In Canada

M2+ Gross - Plus deposits at trust and mortgage loan companies and at government saving institutions, deposit and shares at credit unions and caisse populaires, life insurance company individual annuities, money market mutual funds, plus continuity adjustments and other adjustments.

M2++ Gross - Plus Canada savings bonds and other retail debt instruments, plus non-money market mutual funds.

Narrow Measures of Canada's Money Supply

M1+ Gross - Currency outside banks plus all chequable deposits held at chartered banks, trust and mortgage loan companies, credit union and caisse populaires plus continuity adjustments

M1++ Gross - Plus all non-chequable deposits held at chartered banks, trust and mortgage companies, credit unions and caisse populaires, less interbank deposits plus continuity adjustments

Strengths Of Canada's Money Supply

- Timely consistent indicator; released weekly w/ operating history
- Often misunderstood by investors, creating opportunities for those who know how to utilize it.
- There is currently a lot of research between money supply and GDP; as well as inflation.

