



EUROPEAN CENTRAL BANK

EUROSYSTEM

BIS TRIENNIAL SURVEY 2010 — EURO AREA DATA

The Triennial Central Bank Survey conducted in April 2010 by 53 central banks and monetary authorities and coordinated by the Bank for International Settlements (BIS) is the fourth comprehensive assessment of foreign exchange and derivatives market activity since the introduction of the euro in 1999.¹ The final overall findings of the survey were published by the BIS in December 2010.

For the third time now, the BIS also collected separate data for trades conducted in the euro area as a whole. This press release concentrates on euro area data, while the national central banks of the Eurosystem release their own national results.

I TRADITIONAL FOREIGN EXCHANGE MARKETS

The 2010 survey shows a further rise in global activity on foreign exchange markets compared with 2007, although the rate of increase is substantially lower than in the period from 2004 to 2007. Average daily turnover rose from USD 3,324 billion in April 2007 to USD 3,981 billion in April 2010, an increase of 20% in terms of US dollars.

Based on final data, the average daily turnover for traditional foreign exchange instruments (i.e. spot transactions, outright forwards and foreign exchange swaps) traded by counterparties in the euro area was estimated at USD 430 billion (see Table 1), 7% above the level estimated for April 2007. This amount represents approximately 11% of the overall market volume in net terms (i.e. net of the double-counting of transactions with reporting dealers within the euro area). This compares with market shares of 37% for counterparties in the United Kingdom, 18% for counterparties in the United States and 6% for counterparties

Table 1 Euro area foreign exchange market turnover¹⁾

(daily averages in April 2004, April 2007 and April 2010; USD billions)¹⁾

Instrument	2004	2007	2010
Spot transactions ²⁾	85	99	102
Outright forwards ²⁾	25	51	40
Foreign exchange swaps ²⁾	185	233	267
Currency swaps ³⁾	2	4	8
Options and other FX instruments ⁴⁾	12	14	13
Total FX turnover	309	402	430

Source: BIS.

1) Adjusted for local inter-dealer double-counting, i.e. on a "net-gross basis".

2) Previously classified as part of the so-called "traditional" FX market.

3) Data for 2007 have been revised.

4) The category "other FX instruments" covers highly leveraged transactions and/or trades whose notional amount is variable and where a decomposition into individual plain vanilla components was impractical or impossible.

in Japan. These figures are broadly unchanged from 2007.

Within the euro area, foreign exchange swaps represented the majority (62%) of total foreign exchange turnover. Most foreign exchange transactions were conducted between reporting dealers, rather than with other financial institutions or non-financial customers. Inter-dealer trading represented 64% of turnover in the euro area (see Table 2), which is much higher than the 39% reported at the global level.

At the global level, the euro was the second most actively traded currency in April 2010, being on one side of 39%² of all foreign exchange transactions. The most actively traded currency was the US dollar with an 85%² market share. The Japanese yen, with 19%² was third, and the pound sterling, with 13%² was fourth. While the

1 For details of the global BIS Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity please visit: <http://www.bis.org/publ/rpfx10t.htm>

2 Because two currencies are involved in each transaction, the sum of the percentage shares of individual currencies totals 200%, rather than 100%.

Table 2 Reported euro area foreign exchange market turnover by instrument and counterparty(daily averages in April 2004, April 2007 and April 2010; USD billions and percentages)¹⁾

Instrument/counterparty	2004		2007		2010	
	Average daily turnover	Share	Average daily turnover	Share	Average daily turnover	Share
Spot	85	27	99	25	102	24
with reporting dealers	54	63	62	62	68	66
with other financial institutions	23	27	26	26	26	25
with non-financial customers	8	9	11	11	9	9
Outright forwards	25	8	51	13	40	9
with reporting dealers	13	52	33	66	15	37
with other financial institutions	7	26	10	20	18	46
with non-financial customers	6	22	7	14	7	17
Foreign exchange swaps	185	60	233	58	267	62
with reporting dealers	123	66	153	65	178	67
with other financial institutions	45	24	53	23	69	26
with non-financial customers	17	9	27	12	20	7
Currency swaps²⁾	2	1	4	1	8	2
with reporting dealers	1	58	2	59	5	63
with other financial institutions	1	33	1	31	3	32
with non-financial customers	0	9	0	10	0	5
Options and other FX instruments³⁾	12	4	14	4	13	3
with reporting dealers	7	55	9	61	8	61
with other financial institutions	4	32	3	24	3	22
with non-financial customers	2	13	2	15	2	16
Total foreign exchange contracts	309	100	402	100	430	100
with reporting dealers	198	64	259	64	273	64
with other financial institutions	80	26	94	23	119	28
with non-financial customers	32	10	48	12	38	9

Source: BIS.

1) Adjusted for local inter-dealer double-counting, i.e. "net-gross basis". Due to incomplete reporting, components may not always add up to totals.

2) Data for 2007 have been revised.

3) The category "other FX instruments" covers highly leveraged transactions and/or trades whose notional amount is variable and where a decomposition into individual plain vanilla components was impractical or impossible.

shares of the euro and of the Japanese yen in global trading both increased between April 2007 and April 2010, the shares of the US dollar and the pound sterling both declined further.

Globally, the euro continued to be traded predominantly against the US dollar, with that currency pair representing 71% of foreign exchange turnover involving the euro. The euro/dollar currency pair also remained the most actively traded currency pair, accounting for 28% of global turnover, almost unchanged from the 27% share recorded in April 2007. At the same time, the combined market share of other currency pairs involving the euro remained small (accounting for 11% of global foreign

exchange turnover), reflecting the fact that the US dollar is still the main vehicle currency in the foreign exchange markets.

The US dollar was also the most traded currency in the euro area, being involved in 80% of foreign exchange transactions (see Table 3).

The euro was involved in almost 62% of foreign exchange transactions performed by euro area counterparties and was predominantly exchanged against the US dollar, with the euro/dollar currency pair accounting for 44% of total euro area foreign exchange turnover (see Table 4).

Table 3 Currency distribution of reported euro area foreign exchange market turnover(daily averages in April 2004, April 2007 and April 2010; USD billions and percentages)¹⁾

Currency	2004		2007 ²⁾		2010	
	Average daily turnover	Share	Average daily turnover	Share	Average daily turnover	Share
USD	257	83.2	329	82.0	344	80.1
EUR	187	60.4	245	61.0	265	61.6
JPY	43	13.8	48	11.9	49	11.4
GBP	47	15.1	50	12.6	62	14.5
CHF	29	9.3	37	9.2	36	8.5
AUD	7	2.2	12	3.0	17	4.0
CAD	5	1.7	10	2.5	10	2.3
SEK	7	2.2	7	1.9	12	2.9
HKD	1	0.5	6	1.5	3	0.7
NOK	4	1.4	7	1.6	5	1.1
DKK	3	1.1	6	1.6	4	0.9
SGD	1	0.3	3	0.7	2	0.5
ZAR	1	0.4	2	0.6	2	0.5
MXN	1	0.3	1	0.4	3	0.8
KRW	0	0.0	0	0.1	0	0.1
NZD	1	0.3	4	0.9	3	0.7
PLN	4	1.2	5	1.1	5	1.3
BRL	0	0.1	1	0.3	2	0.5
RUB	0	0.1	2	0.4	1	0.3
TWD	0	0.1	0	0.1	0	0.0
CZK	2	0.5	3	0.7	4	0.9
INR	0	0.0	0	0.0	0	0.0
THB	0	0.0	0	0.0	0	0.0
HUF	2	0.7	3	0.7	2	0.6
Other currencies	16	5.2	20	5.1	26	6.0
Total³⁾	309	200	402	200	430	200

Source: BIS.

1) Adjusted for local inter-dealer double-counting, i.e. on a "net-gross basis".

2) Data for 2007 have been revised.

3) Because two currencies are involved in each transaction, the sum of the percentage shares of individual currencies totals 200%, rather than 100%.

Table 4 Reported euro area foreign exchange turnover by currency pair(daily averages in April 2004, April 2007 and April 2010; USD billions and percentages)¹⁾

Currency pair	2004		2007 ²⁾		2010	
	Average daily turnover	Share	Average daily turnover	Share	Average daily turnover	Share
USD/EUR	140	45	183	45	188	44
USD/JPY	30	10	31	8	35	8
USD/GBP	32	10	32	8	37	9
USD/CHF	20	7	24	6	23	5
USD/CAD	5	2	9	2	7	2
USD/AUD	6	2	10	2	13	3
USD/other currencies	23	8	42	10	40	9
EUR/JPY	12	4	14	4	9	2
EUR/GBP	15	5	15	4	23	5
EUR/CHF	8	3	12	3	13	3
EUR/other currencies	11	4	22	5	32	7
Other currency pairs ³⁾	6	2	10	2	9	2
All currency pairs	309	100	402	100	430	100

Source: BIS.

1) Adjusted for local inter-dealer double-counting, i.e. on a "net-gross basis".

2) Data for 2007 have been revised.

3) Excluding the US dollar and the euro.

2 OTC INTEREST RATE DERIVATIVES MARKETS

The global average daily turnover for over-the-counter (OTC) derivatives, which includes forward rate agreements, interest rate swaps, options and other interest rate instruments, was significantly higher in April 2010 than in April 2007; overall OTC interest rate derivatives turnover rose from USD 1,686 billion in 2007 to USD 2,057 billion in 2010. Based on final data, daily turnover involving euro area counterparties averaged around USD 365 billion in April 2010 (see Table 5), 6% above the level estimated for April 2007. This represented around 18% of global reported OTC interest rate derivatives turnover in net terms (i.e. net of the double-counting of transactions with reporting dealers within the euro area). This share compares with 46% for counterparties in the United Kingdom, 24% for counterparties in the United States and 3% for counterparties in Japan. Interest rate derivative instruments were by far the most traded instruments in the euro area (see Table 5).

Table 5 Euro area OTC interest rate derivatives market turnover by instrument

(daily averages in April 2004, April 2007 and April 2010; USD billions)¹⁾

Instrument	2004	2007	2010
FRAs	55	48	69
Swaps	206	270	265
Options and other IR instruments ²⁾	13	27	31
Total IR instruments	274	345	365

Source: BIS.

1) Adjusted for local inter-dealer double-counting, i.e. on a "net-gross basis". Single-currency interest rate contracts only.

2) The category "other IR instruments" covers highly leveraged transactions and/or trades whose notional amount is variable and where a decomposition into individual plain vanilla components was impractical or impossible.

In the euro area, forward rate agreements (FRAs) and interest rate swaps accounted for 19% and 72%, respectively, of overall turnover in interest rate derivatives contracts, while at the global level they accounted for 29% and 62% of turnover. OTC interest rate derivatives transactions in the euro area (see Table 6) were still mainly conducted between reporting dealers (56%), but to a lesser extent than in 2007 (75%). Trading of OTC interest rate derivatives with

Table 6 Euro area OTC interest rate derivatives turnover by counterparty

(daily averages in April 2004, April 2007 and April 2010; USD billions and percentages)¹⁾

Instrument/counterparty	2004		2007		2010	
	Average daily turnover	Share	Average daily turnover	Share	Average daily turnover	Share
FRAs	55	20	48	14	69	19
with reporting dealers	34	62	32	67	47	68
with other financial institutions	18	34	15	31	21	30
with non-financial customers	2	5	1	2	2	2
IR swaps	206	75	270	78	265	72
with reporting dealers	128	62	207	77	136	51
with other financial institutions	59	29	53	20	112	42
with non-financial customers	20	9	10	4	17	6
Options and other IR instruments²⁾	13	5	27	8	31	9
with reporting dealers	8	58	19	71	22	71
with other financial institutions	4	33	5	18	6	19
with non-financial customers	1	9	1	4	2	6
Total IR instruments	274	100	345	100	365	100
with reporting dealers	169	62	259	75	205	56
with other financial institutions	82	30	73	21	139	38
with non-financial customers	23	8	12	3	20	6

Source: BIS.

1) Single-currency interest rate contracts only. Adjusted for local inter-dealer double-counting, i.e. on a "net-gross basis". Due to incomplete reporting, components may not always add up to totals.

2) The category "other IR instruments" covers highly leveraged transactions and/or trades whose notional amount is variable and where a decomposition into individual plain vanilla components was impractical or impossible.

Table 7 Reported euro area OTC interest rate derivatives turnover by currency

(daily averages in April 2004, April 2007 and April 2010, USD billions)¹⁾

Instrument	2004	2007	2010
FRAs	55	48	69
USD	12	4	12
EUR	29	39	52
JPY	0	0	0
GBP	5	1	6
Other currencies	8	4	2
Swaps	206	270	265
USD	30	20	46
EUR	156	221	193
JPY	1	3	12
GBP	13	16	11
Other currencies	6	10	3
Options and other IR instruments²⁾	13	27	31
USD	4	4	3
EUR	9	20	25
JPY	0	0	0
GBP	0	0	0
Other currencies	0	0	2
Total	274	345	365
USD	46	28	60
EUR	195	280	269
JPY	2	3	11
GBP	19	18	18
Other currencies	14	14	7

Source: BIS.

1) Adjusted for local inter-dealer double-counting, i.e. on a "net-gross basis". Single-currency interest rate contracts only. Due to incomplete reporting, components may not always add up to totals.

2) The category "other IR instruments" covers highly leveraged transactions and/or trades whose notional amount is variable and where a decomposition into individual plain vanilla components was impractical or impossible.

other financial institutions rose significantly to 38% of euro area turnover.

Trading in OTC interest rate derivatives continued to increase between April 2007 and April 2010, albeit at a slower pace than in the previous period. The euro again accounted for the largest share of global average daily turnover (41%), and its share slightly increased compared to the previous survey (39%). Turnover in interest rate swaps denominated in euro increased by 7% globally between April 2007 and April 2010, although it decreased by around 13% in the euro area. However, it remained the most actively traded OTC interest rate derivative instrument, both globally and in the euro area, where it still accounted for 53% of total OTC interest rate derivative turnover in April 2010 (see Table 7).

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