



Turnover of FX and OTC interest rate derivatives in April 2019

16 September 2019

The Central Bank of Ireland has published the results of the Survey on turnover in foreign exchange (FX) and over-the-counter (OTC) interest rate derivatives markets in Ireland in April 2019. The data on turnover in notional amounts of foreign exchange spot and OTC derivatives, and single-currency OTC interest rate derivatives are part of a global survey organised by the Bank for International Settlements (BIS) every three years. Turnover data provide a measure of derivatives market activity, and can also provide a rough proxy of market liquidity.

The key findings on FX and OTC derivatives market activity in Ireland are:

- There was a substantial increase in the average daily turnover of both foreign exchange contracts and OTC interest rate derivatives between 2016 and 2019.
- While some of this is due to a general increase in business, the data was influenced significantly by institutions opening and/or relocating sales desks to Ireland.
- On each of the trading days in April 2019, the 14 reporting banks¹ recorded an average turnover of \$7.2 billion in foreign exchange transactions and \$7.3 billion in OTC interest rate derivatives transactions.² The main trading partners in both foreign exchange contracts and OTC interest-rate derivatives markets in April 2019 were cross-border financial institutions.
- Compared with the previous survey, the average trading volume per day in FX derivatives in April 2019 was 3.3 times higher than it was in the same month in 2016, unadjusted for exchange rate movements.
- For OTC interest rate derivatives, the average daily turnover in April 2019 was 6.8 times the average turnover per trading day in April 2016, unadjusted for exchange rate movements.
- Regarding FX transactions, all instruments except OTC options recorded an increase compared to 2016. With a share of 65 per cent, foreign exchange swaps remained the most important instrument. Once again, the most frequently traded currency was the US dollar.
- Turnover in OTC interest rate derivatives was again dominated by swaps. With a share of 88 per cent of total average daily turnover in April 2019, euro remained the most important currency in interest-rate derivatives trading.

¹ For a list of participants in both the Irish and global survey, please see <https://www.centralbank.ie/statistics/statistical-reporting-requirements/credit-institutions/bis-triennial-derivatives-survey>

² All data are adjusted for local dealer double counting.

Turnover of FX and OTC interest rate derivatives in April 2019

- The Irish trend corresponds to the global findings: The global results show that trading in foreign-exchange markets averaged \$6.6 trillion per day in April 2019, up from \$5.1 trillion three years earlier. The daily turnover of OTC interest rate derivatives averaged \$6.5 trillion in April 2019, and this was an increase from \$2.7 trillion in April 2016.
- The importance of Ireland in these sectors globally increased over the past 3 years: Ireland ranked 36th globally in April 2019 in terms of foreign-exchange contracts, up from 46th in 2016. In terms of interest-rate derivatives, Ireland ranked 21st globally in April 2019, up from 28th three years earlier.

The Irish results can be accessed at: <https://www.centralbank.ie/statistics/data-and-analysis/bis-triennial-derivatives-survey>.

The global results can be accessed at the website of the Bank for International Settlements: www.bis.org/statistics/rpfx19.htm.

Note:

The BIS Triennial Survey of foreign exchange and OTC interest-rate derivatives markets was introduced in 1989 and is a comprehensive source of information on the size and structure of global derivatives markets. Ireland has participated since 1995. The 2019 survey of turnover in notional amounts of foreign exchange spot and OTC derivatives, and single-currency OTC interest rate derivatives in April 2019 covered 53 jurisdictions and close to 1,300 reporting agents.

The Central Bank of Ireland surveyed 14 credit institutions that operate foreign exchange and OTC interest rate derivatives sales desks in Ireland. The survey participants provided details of their gross turnover for the 21 business days in April 2019, broken down by instrument type, counterparty, maturity, and currency. Turnover is defined as the gross value of all new deals during a given period and is measured in terms of the nominal or notional amount of the contracts, and all transactions were reported in US dollar equivalents. The turnover survey is conducted on a sales desk location basis, and on an unconsolidated basis. Thus, all transactions concluded by offices or sales contacts located in Ireland are reported, including trades between the reporting institutions and their related parties inside and outside of Ireland.