

## **20100901 Bank for International Settlements: Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity in April 2010 (Preliminary global results - Turnover)**

### **Source: Bank for International Settlements**

In April this year, 53 central banks and monetary authorities participated in the eighth Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity ("the triennial survey"). The objective of the survey is to provide the most comprehensive and internationally consistent information on the size and structure of global foreign exchange markets, allowing policymakers and market participants to better monitor patterns of activity in the global financial system. Coordinated by the BIS, participating institutions collect data from some 1,300 reporting dealers on turnover in foreign exchange instruments and OTC interest rate derivatives. The triennial survey has been conducted every three years since April 1989, and has been modified since April 1995 to include OTC interest rate derivatives.

Previous triennial surveys have used the expression "traditional foreign exchange markets" to refer to spot transactions, outright forwards and foreign exchange swaps. This expression excludes currency swaps and currency options, which are under OTC instruments. Beginning with the 2010 survey, the expression "global foreign exchange markets" will include all five foreign exchange instruments. Turnover on global foreign exchange markets and in interest rate derivatives is analysed in Tables 1 to 5 and in Tables 6 to 9, respectively.

The headline figures from the April 2010 survey are the following:

### **1. Turnover on the Global foreign exchange market**

- Global foreign exchange market turnover was 20% higher in April 2010 than in April 2007, with average daily turnover of \$4.0 trillion compared to \$3.3 trillion.
- The increase was driven by the 48% growth in turnover of spot transactions, which represent 37% of foreign exchange market turnover. Spot turnover rose to \$1.5 trillion in April 2010 from \$1.0 trillion in April 2007.
- The increase in turnover of other foreign exchange instruments was more modest at 7%, with average daily turnover of \$2.5 trillion in April 2010. Turnover in outright forwards and currency swaps grew strongly. Turnover in foreign exchange swaps was flat relative to the previous survey, while trading in currency options decreased.
- As regards counterparties, the higher global foreign exchange market turnover is associated with the increased trading activity of "other financial institutions" - a category that includes non-reporting banks, hedge funds, pension funds, mutual funds, insurance companies and central banks, among others. Turnover by this category grew by 42%, increasing to \$1.9 trillion in April 2010 from \$1.3 trillion in April 2007. For the first time, activity of reporting dealers with other financial institutions surpassed inter-dealer transactions (ie transactions between reporting dealers).
- Foreign exchange market activity became more global, with cross-border transactions representing 65% of trading activity in April 2010, while local transactions account for 35%.
- The percentage share of the US dollar has continued its slow decline witnessed since the April 2001 survey, while the euro and the Japanese yen gained relative to April 2007. Among the 10 most actively traded currencies, the Australian and Canadian dollars both increased market share, while the pound sterling and the Swiss franc lost ground. The market share of emerging market currencies increased, with the biggest gains for the Turkish lira and the Korean won.
- The relative ranking of foreign exchange trading centres has changed slightly from the previous survey. Banks located in the United Kingdom accounted for 36.7%, against 34.6% in 2007, of all foreign exchange market turnover, followed by the United States (18%), Japan (6%), Singapore (5%), Switzerland (5%), Hong Kong SAR (5%) and Australia (4%).

### **2. Turnover in OTC interest rate derivatives**

•Activity in OTC interest rate derivatives grew by 24%, with average daily turnover of \$2.1 trillion in April 2010. Almost all of the increase relative to the last survey was due to the growth of forward rate agreements (FRAs), which increased by 132% to reach \$601 billion.

More detailed results on developments in the foreign exchange and OTC derivatives markets and comprehensive explanatory notes describing the coverage of and terms used to present the statistics are included in the separate statistical release of the data. Explanatory notes follow statistical tables.

The BIS plans to publish, in November 2010, the detailed results of the activity in April 2010 and of the positions at end June 2010 on FX instruments. A specific press release will also be published in November on the global OTC positions at end June 2010. In addition, special features will be devoted to the Survey in the December 2010 BIS Quarterly Review.

For further information and to view the full survey click [here](#).

**NovaRes Team**