



PRESS RELEASE

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Foreign exchange and OTC derivative market turnover survey in Spain in April 2010

In April 2010 central banks and monetary authorities in fifty-three countries -under the co-ordination of the Bank for International Settlements in Basel- conducted surveys of the global foreign exchange market¹ (spot, forward, FX swaps, currency swaps and currency options) and interest rate derivatives market (FRAs, swaps and options) operations of the most active financial institutions in such markets in their countries. The aim of those surveys, as with those undertaken previously every three years since 1986, was to gauge the size and scope of foreign exchange market activity.

The Banco de España has participated in this new exercise, as it did in 1989, 1992, 1995, 1998, 2001, 2004 and 2007. The survey in Spain covered nine banks (commercial banks and savings banks), which are assumed to provide an adequate indication of the total volume of the Spanish market. The main results of the survey are highlighted below and several tables are appended to this press release. The figures show the average daily turnover, expressed in millions of US dollars equivalent, after adjustment to allow for the fact that transactions between banks in Spain will have been reported by both parties to the transaction.²

The average daily turnover in the Spanish foreign exchange market during April 2010 was US\$ 29.3 billion, 71% higher than in the same month of 2007 (see Table 1). By market segment, FX swap operations amounted to US\$ 16.8 billion, accounting for 58% of the Spanish foreign exchange market, whereas in the same month of 2007 they only represented 47%, which meant there was an increase of 110% compared with the previous

¹ The 2010 3-yearly survey dispenses with the distinction between the foreign exchange market (spot, forward and FX swaps) and the foreign exchange derivatives market (currency swaps and currency options), these five categories being encompassed in the global foreign currency market.

² The Bank for International Settlements will issue a press release on the size of the global market, obtained from the information provided by the fifty-three countries participating in the survey (www.bis.org/triennial.htm). To obtain the size of the global market it is not sufficient simply to aggregate the figures for each country, because to do so would involve double-counting of cross-border transactions. The Bank for International Settlements will make the necessary adjustments.

2007 survey. The average daily turnover in the spot market was US\$ 8.3 billion, an increase of 34% from the 2007 amount, and spot transactions accounted for 28% of net reported exchange market activity. The average daily turnover in outright forward transactions was US\$ 2.7 billion, up 30% from the 2007 amount, representing 9% of the transactions, while in 2007 they represented 12% of the total. Currency swaps accounted for 2%, an increase of 413% compared with 2007. Finally, 3% of operations were currency options and, although this proportion was lower than in the same month of 2007, these transactions increased by 21% in absolute terms.

By currency (see Table 2), the US dollar predominated in foreign exchange turnover, being present in 84% of total transactions, while the euro was traded in 53% of operations. Euro/US dollar transactions accounted for 42% of total transactions (see Table 3), with the following breakdown: 42% of spot transactions (see Table 4), 41% of outright forwards (see Table 5), 40% of FX swaps (see Table 6), 53% of currency swaps (see Table 8) and 49% of options (see Table 9). The euro/other currency transactions accounted for 12% of total transactions and US dollar/other currency transactions 42%. Finally, transactions in which neither the euro nor the US dollar were traded accounted for 4% of the total.

By counterparty, the total transactions were traded as follows: US\$ 18.1 billion with reporting dealers, representing 62% of the total; US\$ 2.1 billion with other financial institutions, representing 7%; and US\$ 9.1 billion with non-financial customers, representing 31%. In 2007, 11% of transactions were traded with the latter (see Table 10) and, consequently, there was a rise of 382% with respect to that year.

By geographical area, 9% of transactions were traded with Spanish counterparties, basically with non-financial customers (5%) and other financial institutions (2%), and 91% with cross-border counterparties, of which 60% were reporting dealers and 26% other financial institutions (see Table 10).

With regard to the maturities of swap transactions (see Table 7), the bulk of transactions (99%) were up to one year.

In the OTC interest rate market, the average daily turnover during April 2010 was US\$ 30.7 billion, an increase of 83% compared with the same month of 2007 (see Table 12). By instrument, turnover in swaps was US\$ 24.8 billion, 59% higher than in the same period in 2007, turnover in FRAs increased by 572% to US\$ 3.6 billion; and, finally, turnover in options was US\$ 2.3 billion, an increase of 241% from 2007.

The euro was the most traded currency, accounting for 89% of the total turnover in interest rate derivatives (see Table 12). This currency was used in 94% of the FRAs, in 93% of the swaps and in 39% of the options. The share of the US dollar increased in options, FRAs and swaps, although the share of options fell from 9% in 2007 to 6% in the current survey.

By counterparty (see Table 11), the turnover traded with reporting dealers was US\$ 19.9 billion, this

counterparty being up by 79% with respect to april 2007; that with other financial institutions was US\$ 2.7 billion, down by 1%; and that with non-financial customers was US\$ 8.2 billion, up by 174%. As in the foreign exchange markets, the bulk of turnover was traded with cross-border counterparties, US\$ 19.2 billion being traded with reporting dealers, US\$ 2.4 billion with other financial institutions and US\$ 7.3 billion with non-financial customers.

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FOREIGN EXCHANGE AND OTC DERIVATIVES MARKETS

Daily average turnover in April 2010
(in millions of US dollar)

FOREING EXCHANGE MARKET

TABLE 1 - GLOBAL FOREIGN EXCHANGE MARKET TURNOVER

INSTRUMENT	2010		2007		10/07
	Amount	%	Amount	%	%
Total	29 322	100	17 126	100	71
Spot	8 274	28	6 184	36	34
Forwards	2 668	9	2 056	12	30
FX swaps	16 831	58	8 021	47	110
Currency Swaps	659	2	128	1	413
Options	891	3	737	4	21

TABLE 2 - CURRENCY DISTRIBUTION

CURRENCY	2010					
	TOTAL %	SPOT %	FORWARDS %	FX SWAP %	CURRENCY SWAPS %	OPTIONS %
Euro	53	60	53	49	71	58
Dólar USA	84	76	87	88	82	68
Otras	58	58	59	60	47	51

TABLE 3 - REPORTED FOREIGN EXCHANGE TURNOVER BY CURRENCY PAIRS

CURRENCY PAIRS	2010		2007		10/07
	Amount	%	Amount	%	%
Total	29 322	100	17 126	100	71
Euro/US Dollar	12 194	42	10 250	60	19
Euro/Other	3 384	12	1 502	9	125
US Dollar/Other	12 414	42	5 343	31	132

TABLE 4 - SPOT BY CURRENCY PAIRS

CURRENCY PAIRS	2010		2007		10/07
	Amount	%	Amount	%	%
Total	8 274	100	6 184	100	34
Euro/US Dollar	3 511	42	3 895	63	-10
Euro/Other	1 457	18	718	12	103
US Dollar/Other	2 800	34	1 551	25	81

TABLE 5 - FORWARDS BY CURRENCY PAIRS

CURRENCY PAIRS	2010		2007		10/07
	Amount	%	Amount	%	%
TOTAL	2 668	100	2 056	100	30
Euro/US Dollar	1 082	41	1 359	66	-20
Euro/Other	324	12	161	8	102
US Dollar/Other	1 248	47	535	26	133

TABLE 6 - FX SWAPS BY CURRENCY PAIRS

CURRENCY PAIRS	2010		2007		10/07
	Amount	%	Amount	%	%
TOTAL	16 831	100	8 021	100	110
Euro/US Dollar	6 816	40	4 535	57	50
Euro/Other	1 407	8	431	5	227
US Dollar/Other	8 004	48	3 047	38	163

TABLE 7 - FX SWAPS BY MATURITY

MATURITY	2010	2007
	%	%
TOTAL	100	100
seven days or less	76	77
over seven days and up to one year	23	15
over one year	1	8

TABLE 8 - CURRENCY SWAPS BY CURRENCY PAIRS

CURRENCY PAIRS	2010		2007		10/07
	Amount	%	Amount	%	%
Total	659	100	128	100	413
Euro/US Dollar	350	53	89	69	292
Euro/Other	117	18	37	29	220
US Dollar/Other	191	29	3	2	7166

TABLE 9 - OPTIONS BY CURRENCY PAIRS

CURRENCY PAIRS	2010		2007		10/07
	Amount	%	Amount	%	%
Total	891	100	737	100	21
Euro/US Dollar	435	49	371	50	17
Euro/Other	78	9	156	21	-50
US Dollar/Other	170	19	207	28	-18

TABLE 10 - FOREIGN EXCHANGE MARKET TURNOVER BY COUNTERPARTY

COUNTERPARTY	2010		2007		10/07
	Amount	%	Amount	%	%
TOTAL	29 322	100	17 126	100	71
with reporting dealers	18 134	62	13 550	79	34
- local	472	2	253	1	87
- cross-border	17 662	60	13 297	78	33
with other financial institutions	2 061	7	1 684	10	22
- local	504	2	424	2	19
- cross-border	1 557	5	1 260	7	24
with non-financial customers	9 127	31	1 893	11	382
- local	1 475	5	1 092	6	35
- cross-border	7 652	26	801	5	855

OTC INTEREST RATE DERIVATIVE MARKET

TABLE 11 - OTC DERIVATIVES MARKET BY COUNTERPARTY

COUNTERPARTY	2010		2007		10/07
	Amount	%	Amount	%	%
TOTAL	30 741	100	16 776	100	83
with reporting dealers	19 887	64	11 107	66	79
- local	639	2	1 243	7	-49
- cross-border	19 248	62	9 864	59	95
with other financial institutions	2 654	9	2 680	16	-1
- local	212	1	587	4	-64
- cross-border	2 443	8	2 093	12	17
with non-financial customers	8 200	27	2 989	18	174
- local	856	3	393	2	118
- cross-border	7 344	24	2 596	15	183

TABLE 12 - GLOBAL OTC INTEREST RATE DERIVATIVE MARKET BY INSTRUMENT AND CURRENCY

		2010		2007		10/07
		Amount	%	Amount	%	%
TOTAL		30 741	100	16 776	100	83
	US Dollar	1 573	5	571	3	176
	Euro	27 367	89	14 000	83	95
	Other	1 801	6	2 206	13	-18
FRAS		3 610	100	538	100	572
	US Dollar	219	6	0	0	79017
	Euro	3 390	94	537	100	531
	Other	0	0	0	0	0
SWAPS		24 809	100	15 558	100	59
	US Dollar	1 228	5	508	3	142
	Euro	23 063	93	12 848	83	79
	Other	518	2	2 201	14	-76
OPTIONS		2 323	100	681	100	241
	US Dollar	125	6	62	9	102
	Euro	914	39	614	90	49
	Other	1 284	55	5	1	24701