BANCO DE ESPAÑA
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PRESS RELEASE

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Triennial survey of foreign exchange and OTC derivatives markets turnover in Spain in April 2016

In April 2016 central banks and monetary authorities in fifty-two countries, coordinated by the Bank for International Settlements in Basel (BIS), conducted a survey on the total trading volume in the foreign exchange market (spot transactions, outright forwards, FX swaps, currency swaps and currency options) and in the interest rate derivatives market (FRAs, swaps and options and other products) by the most active financial institutions in these markets in their countries. The aim of the surveys, as with those undertaken previously every three years since 1986, is to gauge the size and scope of activity in the foreign exchange and OTC derivatives markets.

As it has done every three years since 1989, the Banco de España has participated in this latest exercise. The survey in Spain covered eight credit institutions, which provide an adequate indication of the total volume of the Spanish market. The main results of the survey are presented in several tables appended to this press release. The figures show the average daily turnover, expressed in millions of US dollars, after adjustment to avoid double-counting for the fact that transactions between reporting dealers in Spain have been reported by both parties to the transaction.[1]

Broadly, the Spanish foreign exchange market reported a decline in the figures, owing to the lower volume of transactions and the fall in the euro/US dollar exchange rate (1.1403 in April 2016 compared with 1.3072 in April 2013), and to the enhanced quality of information available. The average daily turnover during April 2016 was US$ 32.6 billion (see Table 1).

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[1] The Bank for International Settlements issues a press release on the size of the global market, drawing on the information provided by the fifty-two 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 makes the necessary adjustments.

By instrument, FX swap transactions, with an average daily turnover of US$ 19 billion, accounted for 59% of the Spanish foreign exchange market, and spot transactions, with an average daily turnover of US$ 9.6 billion, for 29% of net reported exchange market activity.

By currency (Table 2), the US dollar predominated in foreign exchange turnover, being present in 87% of total transactions, while the euro was traded in 56% of transactions. Euro/US dollar transactions accounted for 44% of total transactions, while euro/other currency transactions represented 12% of total transactions and US dollar/other currency transactions 43%. Finally, transactions in which neither the euro nor the US dollar were traded accounted for 1% of the total.

By counterparty (Table 3), the total transactions were traded as follows: US$ 20.7 billion with reporting dealers in the BIS survey, representing 63% of the total; US$ 9.4 billion with other financial institutions, representing 29%; and US$ 2.6 billion with non-financial customers, representing 8%.

By geographical area (Table 3), 9% of transactions were traded with Spanish counterparties, basically with reporting dealers (4%) and non-financial customers (3%), and 91% with cross-border counterparties, of which 59% were reporting dealers in the survey and 27% other financial institutions.

With regard to the maturities of FX swap transactions (see Table 4), the bulk of transactions (99%) was up to one year.

In the OTC interest rate market (see Table 5), the average daily turnover during April 2016 was US$ 5.6 billion. By counterparty, the average daily turnover traded with reporting dealers in the survey was US$ 1.8 billion, that with other financial institutions was US$ 2.9 billion and that with non-financial customers was US$ 0.9 billion.

By instrument (Table 6), the average daily turnover in swaps was US$ 4.5 billion, accounting for 80% of the total volume of the market. By currency, the euro was the most traded currency, accounting for 86% of the total turnover.

As in the foreign exchange markets, the bulk of turnover in interest rate transactions (92%) was traded with cross-border counterparties, US$ 1.6 billion being traded with reporting dealers in the survey, US$ 2.8 billion with other financial institutions and US$ 0.8 billion with non-financial customers.

FOREIGN EXCHANGE AND OTC DERIVATIVES MARKETS IN SPAIN

Average daily turnover in April 2016
(in millions of US dollars)

FOREIGN EXCHANGE MARKET

TABLE 1 - OTC FOREIGN EXCHANGE TURNOVER BY INSTRUMENT

INSTRUMENT	2016		2013		16/13
	Amount	%	Amount	%	%
TOTAL	32.604	100%	43.034	100%	-24%
Spot transactions	9.568	29%	13.595	32%	-30%
Outright forwards	2.832	9%	3.186	7%	-11%
FX swaps	19.077	59%	24.896	58%	-23%
Currency Swaps	227	1%	286	1%	-21%
Options	901	3%	1071	2%	-16%

TABLE 2 - OTC FOREIGN EXCHANGE MARKET TURNOVER BY CURRENCY PAIR

CURRENCY PAIR	2016		2013		16/13
	Amount	%	Amount	%	%
TOTAL (*)	32.604	100%	43.034	100%	-24%
Euro/US Dollar	14.216	44%	25.747	60%	-45%
Euro/Other	3.899	12%	6.113	14%	-36%
US Dollar/Other	14.057	43%	10.674	25%	32%

(*) Transactions in which neither the euro nor the US dollar were traded (not shown in this table) accounted for 1% of the total.

TABLE 3 - OTC FOREIGN EXCHANGE MARKET TURNOVER BY COUNTERPARTY

COUNTERPARTY	2016		2013		16/13
	Amount	%	Amount	%	%
TOTAL	32.604	100%	43.034	100%	-24%
With reporting dealers	20.635	63%	25.662	60%	-20%
- local	1.257	4%	1.483	3%	-15%
- cross-border	19.378	59%	24.179	56%	-20%
With other financial institutions	9.394	29%	15.350	36%	-39%
- local	588	2%	3.680	9%	-84%
- cross-border	8.807	27%	11.670	27%	-25%
With non-financial customers	2.575	8%	2.023	5%	27%
- local	1.019	3%	1.739	4%	-41%
- cross-border	1.556	5%	284	1%	447%

TABLE 4 - FX SWAPS BY MATURITY

MATURITY	2016	2013
	%	%
TOTAL	100%	100%
Up to 7 days	80%	79%
Over 7 days and up to 1 year	19%	21%
Over 1 year	1%	1%

OTC INTEREST RATE DERIVATIVES MARKET

TABLE 5 - OTC INTEREST RATE DERIVATIVES MARKET BY COUNTERPARTY

COUNTERPARTY	2016		2013		16/13
	Amount	%	Amount	%	%
TOTAL	5.604	100%	13.729	100%	-59%
With reporting dealers	1.802	32%	3.181	23%	-43%
- local	163	3%	334	2%	-51%
- cross-border	1.639	29%	2.847	21%	-42%
With other financial institutions	2.919	52%	10.341	75%	-72%
- local	173	3%	84	1%	105%
- cross-border	2.750	49%	10.257	75%	-73%
With non-financial customers	883	16%	207	2%	326%
- local	90	2%	35	0%	155%
- cross-border	794	14%	172	1%	361%

TABLE 6 - OTC INTEREST RATE DERIVATIVES MARKET BY INSTRUMENT AND CURRENCY

INSTRUMENT/CURRENCY	2016		2013		16/13
	Amount	%	Amount	%	%
TOTAL	5.604	100%	13.729	100%	-59%
US dollar	584	10%	989	7%	-41%
Euro	4.823	86%	11.927	87%	-60%
Other	198	4%	813	6%	-76%
FRAs	759	100%	6.908	100%	-89%
US dollar	118	16%	0	0%	-
Euro	631	83%	6.908	100%	-91%
Other	10	1%	0	0%	0%
SWAPS	4.463	100%	5.551	100%	-20%
US dollar	438	10%	739	13%	-41%
Euro	3.844	86%	4.661	84%	-18%
Other	182	4%	151	3%	20%
OPTIONS	382	100%	1.271	100%	-70%
US dollar	28	7%	251	20%	-89%
Euro	348	91%	359	28%	-3%
Other	6	2%	661	52%	-99%