



PRESS RELEASE

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Foreign exchange and OTC derivative market turnover survey in Spain in April 2007

In April 2007 central banks and monetary authorities in fifty-four countries -under the co-ordination of the Bank for International Settlements in Basel- conducted surveys of the foreign exchange market (spot, forward and foreign exchange swaps transactions) and OTC foreign exchange (currency swaps and options) and interest rate (FRAs, swaps and options) derivative market 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 and 2004. The survey in Spain covered eight banks (commercial banks and savings banks), which are assumed to provide a fair 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⁽¹⁾.

The average daily turnover in the Spanish foreign exchange market during April 2007 was US\$ 16.3 billion, 20% higher than in the same month of 2004 (see Table 1). By market segment, FX swap operations amounted to US\$

⁽¹⁾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-four 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.

8 billion, accounting for 49% of the Spanish foreign exchange market, a decrease of 12% compared with the previous 2004 survey. The average daily turnover in the spot market was US\$ 6.2 billion, an increase of 64% from the 2004 amount, and spot transactions accounted for 38% of the net reported exchange market activity. Finally, the average daily turnover in outright forward transactions was US\$ 2.1 billion, up 210% from the 2004 amount, representing 13% of the transactions, while in 2004 they only represented 5% of the total.

By currency (see Table 2), the US dollar and the euro were the predominant currencies in foreign exchange turnover, being present in 92% and 68% of total transactions, respectively, while other currencies were traded in 40% of operations. Euro/US dollar transactions accounted for 60% of total transactions (see Table 3), 63% of spot transactions (see Table 4), 66% of outright forwards (see Table 5) and 57% of foreign exchange swaps (see Table 6). The euro/other currency transactions accounted for 8% of total transactions and US dollar/other currency transactions 32%. Finally, transactions in which neither the euro nor the US dollar were traded were marginal.

By counterparty, the total transactions were traded as follows: 79% with reporting dealers, 10% with other financial institutions, and 11% with non-financial customers. In 2004, 49% of transactions were traded with the latter (see Table 8).

By geographical area, 11% of transactions were traded with Spanish counterparties, basically with non-financial customers (6%) and other financial institutions (3%), and 89% with cross-border counterparties, of which 77% were reporting dealers and 7% other financial institutions (see Table 8).

Finally, with regard to the maturities of swap transactions (see Table 7), the bulk of transactions (92%) were up to one year.

In the Spanish foreign exchange derivative market the average daily turnover during April 2007 was US\$ 0.9 billion, 133% higher than in the 2004 survey (see Table 10). By market segment, 85% of the transactions were options and, although this share is lower than in the same month in 2004, the amount of such transactions increased by 119%. Currency swaps only accounted for 15% of transactions, their amount rising by 266% from 2004.

By currency (see Table 11), euro/US dollar turnover was US\$ 0.5 billion, accounting for 53% of the total, a rise of 77% from the same month in 2004. 69% of currency swaps (see Table 12) and 50% of options (see Table 13) were traded in this currency pair. Euro/other currency and US dollar/other currency transactions represented 22% and 24% of total transactions respectively.

By counterparty, US\$ 0.6 billion were traded with reporting dealers, US\$ 0.07 billion with other financial institutions and US\$ 0.1 billion with non-financial customers (see Table 9). The bulk of the trades were with cross-border counterparts.

In the OTC interest rate market, the average daily turnover during April 2007 was US\$ 16.8 billion, an increase of

41% compared with the same month in 2004 (see Table 14). By instrument, turnover in FRAs fell by 59%, to US\$ 0.5 billion; turnover in swaps was US\$ 15.6 billion, 49% higher than in the same period in 2004 and, finally, turnover in options was US\$ 0.7 billion, an increase of 215% from 2004.

The euro was the most traded currency, accounting for 83% of the total turnover in interest rate derivatives (see Table 14). This currency was used in 100% of the FRAs, in 83% of the swaps and in 90% of the options. The share of the US dollar decreased in FRAs and swaps, while in options, although its average daily turnover increased, its share fell from 12% in 2004 to 9% in the current survey.

By counterparty (see Table 9), the turnover traded with reporting dealers was US\$ 11.1 billion, with other financial institutions US\$ 2.7 billion and with non-financial customers US\$ 3 billion. As in the case of foreign exchange derivatives, the bulk of turnover was traded with cross-border counterparties, US\$ 9.9 billion being traded with reporting dealers, US\$ 2.1 billion with other financial institutions and US\$ 2.6 billion with non-financial customers.

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FOREIGN EXCHANGE AND OTC DERIVATIVES MARKETS

Daily average turnover in April 2004
(in millions of US dollar)

FOREING EXCHANGE MARKET

TABLE 1 - GLOBAL FOREIGN EXCHANGE MARKET TURNOVER

INSTRUMENT	2007		2004		07/04
	Amount	%	Amount	%	%
Total	16.261	100	13.573	100	20
Spot	6.184	38	3.763	28	64
Forwards	2.056	13	664	5	210
FX swaps	8.021	49	9.146	67	-12

TABLE 2 - CURRENCY DISTRIBUTION

CURRENCY	2007			
	TOTAL %	SPOT %	FORWARDS %	FX SWAP %
Euro	68	75	74	62
US Dollar	92	88	92	95
Other	40	37	34	43

TABLE 3 - REPORTED FOREIGN EXCHANGE TURNOVER BY CURRENCY PAIRS

CURRENCY PAIRS	2007		2004		07/04
	Amount	%	Amount	%	%
Total	16.261	100	13.573	100	20
Euro/US Dollar	9.790	60	7.672	57	28
Euro/Other	1.309	8	2.597	19	-50
US Dollar/Other	5.134	32	3.301	24	56

TABLE 4 - SPOT BY CURRENCY PAIRS

CURRENCY PAIRS	2007		2004		07/04
	Amount	%	Amount	%	%
Total	6.184	100	3.763	100	64
Euro/US Dollar	3.895	63	2.508	67	55
Euro/Other	718	12	376	10	91
US Dollar/Other	1.551	25	878	23	77

TABLE 5 - FORWARDS BY CURRENCY PAIRS

CURRENCY PAIRS	2007		2004		07/04
	Amount	%	Amount	%	%
TOTAL	2.056	100	664	100	210
Euro/US Dollar	1.359	66	434	65	213
Euro/Other	161	8	110	17	46
US Dollar/Other	535	26	120	18	346

TABLE 6 - FX SWAPS BY CURRENCY PAIRS

CURRENCY PAIRS	2007		2004		07/04
	Amount	%	Amount	%	%
TOTAL	8.021	100	9.146	100	-12
Euro/US Dollar	4.535	57	4.730	52	-4
Euro/Other	431	5	2.111	23	-80
US Dollar/Other	3.047	38	2.303	25	32

TABLE 7 - FX SWAPS BY MATURITY

MATURITY	2007	2004
	%	%
TOTAL	100	100
seven days or less	77	87
over seven days and up to one year	15	12
over one year	8	1

TABLE 8 - FOREIGN EXCHANGE MARKET TURNOVER BY COUNTERPARTY

COUNTERPARTY	2007		2004		07/04
	Amount	%	Amount	%	%
TOTAL	16.261	100	13.573	100	20
with reporting dealers	12.902	79	6.067	45	113
- local	247	2	576	4	-57
- cross-border	12.655	77	5.491	41	130
with other financial institutions	1.615	10	833	6	94
- local	420	3	194	1	117
- cross-border	1.195	7	639	5	87
with non-financial customers	1.744	11	6.673	49	-74
- local	972	6	670	5	45
- cross-border	772	5	6.003	44	-87

OTC DERIVATIVES MARKET

TABLE 9 - OTC DERIVATIVES MARKET BY COUNTERPARTY

COUNTERPARTY	TOTAL		07/04	FOREIGN EXCHANGE		07/04	INTEREST RATES		07/04
	2007	2004	%	2007	2004	%	2007	2004	%
TOTAL	17.642	12.300	43	865	372	133	16.776	11.928	41
with reporting dealers	11.754	6.054	94	647	156	315	11.107	5.898	88
- local	1.249	726	72	6	2	193	1.243	724	72
- cross-border	10.505	5.328	97	641	154	316	9.864	5.174	91
with other financial institutions	2.749	1.460	88	69	25	175	2.680	1.435	87
- local	591	279	112	4	4	-14	587	275	114
- cross-border	2.158	1.181	83	65	21	211	2.093	1.160	80
with non-financial customers	3.139	4.787	-34	149	192	-22	2.989	4.595	-35
- local	514	400	28	121	30	302	393	370	6
- cross-border	2.625	4.387	-40	29	162	-82	2.596	4.225	-39

OTC FOREIGN EXCHANGE DERIVATIVE MARKET

TABLE 10 - GLOBAL OTC FOREIGN EXCHANGE DERIVATIVE MARKET TURNOVER

INSTRUMENT	2007		2004		07/04
	Amount	%	Amount	%	%
Total	865	100	372	100	133
Currency Swaps	128	15	35	9	266
Options	737	85	337	91	119

TABLE 11 - GLOBAL OTC FOREIGN EXCHANGE DERIVATIVE MARKET BY CURRENCY PAIRS

CURRENCY PAIRS	2007		2004		07/04
	Amount	%	Amount	%	%
Total	865	100	372	100	133
Euro/US Dollar	460	53	260	70	77
Euro/Other	192	22	47	13	309
US Dollar/Other	210	24	65	17	222

TABLE 12 - CURRENCY SWAPS BY CURRENCY PAIRS

CURRENCY PAIRS	2007		2004		07/04
	Amount	%	Amount	%	%
Total	128	100	35	100	266
Euro/US Dollar	87	69	27	78	232
Euro/Other	37	29	4	11	902
US Dollar/Other	3	2	4	11	-34

TABLE 13 - OPTIONS BY CURRENCY PAIRS

CURRENCY PAIRS	2007		2004		07/04
	Amount	%	Amount	%	%
Total	737	100	337	100	119
Euro/US Dollar	371	50	233	69	59
Euro/Other	156	21	43	13	259
US Dollar/Other	207	28	61	18	241

OTC INTEREST RATE DERIVATIVE MARKET

TABLE 14 - GLOBAL OTC INTEREST RATE DERIVATIVE MARKET BY INSTRUMENT AND CURRENCY

	2007		2004		07/04
	Amount	%	Amount	%	%
TOTAL	16.776	100	11.928	100	41
US Dollar	571	3	957	8	-40
Euro	14.000	83	10.843	91	29
Other	2.206	13	128	1	1.623
FRAS	538	100	1.303	100	-59
US Dollar	0	0	176	13	-100
Euro	537	100	1.119	86	-52
Other	0	0	8	1	-100
SWAPS	15.558	100	10.409	100	49
US Dollar	508	3	755	7	-33
Euro	12.848	83	9.534	92	35
Other	2.201	14	120	1	1.734
OPTIONS	681	100	216	100	215
US Dollar	62	9	26	12	138
Euro	614	90	190	88	223
Other	5	1	0	0	100