

**THE FOREIGN EXCHANGE
JOINT STANDING COMMITTEE**
Threadneedle Street
London EC2R 8AH

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RESULTS OF THE SEMI-ANNUAL FX TURNOVER SURVEY IN OCTOBER 2004

In October 2004, 31 financial institutions active in the UK foreign exchange market participated in a turnover survey for the Foreign Exchange Joint Standing Committee (JSC). The survey results are presented in the summary tables and annex attached. This is the first of these semi-annual surveys to be published; the results of subsequent surveys will continue to be published at six-monthly intervals.

A survey of foreign exchange market activity was proposed by the JSC in order to provide frequent, accurate and robust information on the level of foreign exchange turnover in the UK. The current format of collecting turnover data for one entire month split by five products, ten currency pairs and six types of counterparty on a semi-annual basis was designed to give a balance between the need for timely and comprehensive data by financial institutions, and the reporting burden placed upon them by the collection of the data. The Bank of England, which chairs the JSC, agreed to collect and disseminate the data.

Whilst the data presented here is of a similar nature to that collected by the BIS triennial survey, it is more frequent and there is one small difference in the reporting methodology. The basis of reporting for the JSC survey is the location of the price-setting dealer. However, for the 2004 BIS triennial survey, the basis of reporting was changed to be the location of the sales desk of the trade. Figures from the April 2004 pilot JSC survey, when compared to the April 2004 BIS triennial survey, indicate that the alternative reporting basis used by the BIS may have been consistent with a slightly lower level of reported UK foreign exchange market turnover.

Tables 1 to 5 below provide various summaries of the data while the full set of aggregate data collected for October 2004 is in Annex A.

A similar survey was also conducted for the New York market in October 2004 by the New York Foreign Exchange Committee, the results of which can be found on their website:

<http://www.newyorkfed.org/fxc/>

Notes for editors

The JSC is a market liaison group, established in 1973 by the banks and brokers of the London FX market, as a forum to discuss topical issues and matters of common interest. The Bank of England chairs the Committee, which comprises senior staff from many of the major banks operating in the London foreign exchange market and representatives from brokers, corporate users of the foreign exchange market and the FSA.

The results of this survey are also available on the website of the JSC:
<http://www.bankofengland.co.uk/markets/forex/fxjsc/main.htm>

Participating financial institutions

ABN AMRO
ANZ
Bank of America
Bank of Tokyo-Mitsubishi
Barclays
BNP Paribas
Citigroup
Commerzbank
CALYON
CSFB
Deutsche Bank
Goldman Sachs
HBOS
HSBC
Bayerische Hypo-und Vereinsbank
ING Bank
JP Morgan Chase
Lehman Brothers
Lloyds TSB
Merrill Lynch
Morgan Stanley
Rabobank
Royal Bank of Canada
Royal Bank of Scotland
Skandinaviska Enskilda Banken
Société Générale
Standard Chartered
State Street
Toronto Dominion
UBS
Westpac

Table 1**Reported UK foreign exchange and OTC foreign exchange derivatives market turnover¹**

Daily averages in billions of US dollars

Instrument	October 2004
Spot transactions	207
Outright forwards	40
Foreign exchange swaps	335
Total 'traditional' foreign exchange turnover	582
Currency Swaps	5
Foreign Exchange Options	70
Total OTC foreign exchange derivatives turnover	75

¹ Adjusted for double counting of deals between survey contributors.

Table 2**Reported UK foreign exchange market turnover by instrument and counterparty¹**

Daily averages in billions of US dollars

Instrument/counterparty	October 2004
Spot transactions	207
With UK banks	72
With non-resident banks	94
<i>of which with EU banks</i>	37
With UK non-banks	9
With non-resident non-banks	31
<i>of which with EU non-banks</i>	8
Outright forwards	40
With UK banks	7
With non-resident banks	9
<i>of which with EU banks</i>	2
With UK non-banks	8
With non-resident non-banks	17
<i>of which with EU non-banks</i>	7
Foreign exchange swaps	335
With UK banks	139
With non-resident banks	147
<i>of which with EU banks</i>	82
With UK non-banks	19
With non-resident non-banks	30
<i>of which with EU non-banks</i>	11

¹ Adjusted for double counting of deals between survey contributors.

Table 3**Reported UK OTC foreign exchange derivatives market turnover by instrument and counterparty¹**

Daily averages in billions of US dollars

Instrument/counterparty	October 2004
Currency swaps	5
With UK banks	2
With non-resident banks	2
<i>of which with EU banks</i>	<i>1</i>
With UK non-banks	0
With non-resident non-banks	1
<i>of which with EU non-banks</i>	<i>0</i>
Foreign exchange options	70
With UK banks	33
With non-resident banks	22
<i>of which with EU banks</i>	<i>11</i>
With UK non-banks	2
With non-resident non-banks	13
<i>of which with EU non-banks</i>	<i>3</i>

¹ Adjusted for double counting of deals between survey contributors.

Table 4**Currency distribution of reported UK foreign exchange and OTC foreign exchange derivatives market turnover¹**

Percentage shares of average daily turnover

Currency	Proportion of total (%)
US dollar	88
Euro	47
Pound Sterling	22
Japanese yen	15
Other currencies	29
All currencies	200

¹ As two currencies are involved in each transaction, the sum of the percentage shares of individual currencies total 200 per cent instead of 100 per cent. The figures are adjusted for double-counting of deals between survey contributors.

Table 5**Reported UK foreign exchange and OTC foreign exchange derivatives market turnover
by currency pair¹**

Daily averages in billions of US dollars and percentage shares

Currency pair	October 2004	
	Amount	Proportion of total (%)
USD/EUR	239	36
USD/GBP	110	17
USD/JPY	78	12
USD/CHF	31	5
USD/AUD	28	4
USD/CAD	20	3
EUR/GBP	26	4
EUR/JPY	14	2
EUR/CHF	13	2
GBP/JPY	2	0
Other currency pairs	96	15
All currency pairs	657	100

¹ Adjusted for double counting of deals between survey contributors.

ANNEX A – AGGREGATE REPORTED TURNOVER IN OCTOBER 2004

All figures are in millions of US dollars and have been adjusted for double counting of deals between survey contributors.

Product	EUR/USD	GBP/USD	USD/JPY	USD/CHF	AUD/USD	CAD/USD	EUR/GBP	EUR/JPY	EUR/CHF	GBP/JPY	All other currency pairs	TOTAL
Spot	1666515	565611	502378	205766	161685	132844	252589	143761	153499	16819	538293	4339757
Outright Forwards	275506	97000	85886	35451	23531	30090	57272	39540	25539	8947	169027	847787
FX Swaps	2477408	1532112	716638	353492	342555	215465	187967	45685	29774	16143	1117985	7035222
Currency Swaps	48928	15476	17167	3111	4011	1213	9646	1927	1373	78	12470	115396
FX Options	551584	102315	313249	49450	60737	50676	38809	60077	58341	2764	180546	1468545
TOTAL	5019941	2312513	1635316	647269	592518	430287	546282	290989	268525	44749	2018319	13806707

Type of Counterparty	EUR/USD	GBP/USD	USD/JPY	USD/CHF	AUD/USD	CAD/USD	EUR/GBP	EUR/JPY	EUR/CHF	GBP/JPY	All other currency pairs	TOTAL
With other UK banks	1961949	1072000	635587	195325	292119	152180	176314	99333	85602	10177	625905	5306489
With non-resident banks	2130914	816868	691026	318932	223748	200553	161900	111540	100743	15082	985555	5756861
<i>of which EU banks</i>	<i>1181468</i>	<i>439915</i>	<i>215600</i>	<i>126336</i>	<i>69314</i>	<i>42480</i>	<i>109579</i>	<i>44968</i>	<i>46373</i>	<i>5906</i>	<i>517055</i>	<i>2798994</i>
With UK non-banks	221940	212235	70465	20262	13508	16276	100895	13645	13312	12587	102347	797472
With non-resident non-banks	705136	211407	238247	112756	63141	61273	107174	66470	68872	6903	304496	1945875
<i>of which EU non-banks</i>	<i>281942</i>	<i>55025</i>	<i>28655</i>	<i>22133</i>	<i>10146</i>	<i>9211</i>	<i>62136</i>	<i>21946</i>	<i>19741</i>	<i>2202</i>	<i>86606</i>	<i>599743</i>
TOTAL	5019939	2312510	1635325	647275	592516	430282	546283	290988	268529	44749	2018303	13806697

Product	With other UK banks	With non-resident banks	<i>of which EU banks</i>	With UK non-banks	With non-resident non-banks	<i>of which EU non-banks</i>	TOTAL
Spot	1513015	1978481	777415	188774	659485	161228	4339755
Outright Forwards	140075	184431	43840	168123	355169	156267	847798
FX Swaps	2911586	3088697	1722041	397215	637741	231313	7035239
Currency Swaps	44423	42455	28563	4954	23568	7802	115400
FX Options	697410	462805	227136	38417	269921	63969	1468553
TOTAL	5306508	5756869	2798995	797483	1945884	620579	13806744