BANK OF ENGLAND

News release

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BIS triennial survey of foreign exchange and over-the-counter interest rate derivatives markets in April 2013 – UK data

In April this year, central banks and monetary authorities in 53 countries, including the United Kingdom, conducted the latest triennial survey of turnover in the markets for foreign exchange (spot, forwards, foreign exchange swaps, currency swaps and options) and over-the-counter (OTC) interest rate derivatives. The survey is co-ordinated on a global basis by the Bank for International Settlements (BIS), with the aim of obtaining comprehensive and internationally consistent information on the size and structure of the corresponding global markets. The Bank of England conducted the UK survey, which covers the business of leading financial institutions located within the United Kingdom in these markets.

Foreign exchange market turnover in the United Kingdom increased by 47 per cent from April 2010 to April 2013. While over the same period, turnover in OTC interest rate derivatives increased by 9 per cent. The United Kingdom remains the single largest centre of foreign exchange activity with 41 per cent of global turnover in April 2013, increasing from 37 per cent in 2010. The United Kingdom also remains the largest centre for OTC interest rate derivatives activity with 49 per cent of global turnover, up from 47 per cent in 2010.

The main findings of the **UK survey** are:

- **Average daily turnover in foreign exchange was $2,726 billion during April 2013**, 47 per cent higher than the $1,854 billion recorded for April 2010. The rise was similar when measured at constant 2013 exchange rates. This growth continues the upward trend seen in previous surveys.
- The increase was driven by growth in spot and swap transactions, which rose by 48 and 45 per cent respectively. Foreign exchange swaps remain the largest traded foreign exchange item in the UK and account for 41 per cent of all trades.
- Growth was also reported in all other related foreign exchange instruments (forwards, currency swaps and options), up 49 per cent from April 2010.

- **Average daily turnover in OTC interest rate derivatives was $1,348 billion during April 2013**, a 9 per cent rise on the $1,235 billion recorded for April 2010. Growth has continued albeit at a lower rate than seen in previous surveys.

- The growth within OTC interest rate derivatives was most pronounced in interest rate forward rate agreements. Average daily turnover increased by 24 per cent, from $382 billion in April 2010 to $473 billion in April 2013, and accounted for 35 per cent of the total OTC interest rate derivatives turnover in April 2013.

The 2013 Q4 issue of the Bank of England Quarterly Bulletin (scheduled for publication on 17 December) will provide further analysis and more comprehensive statistics for the UK.

The BIS is publishing preliminary global results today (see the BIS website at http://www.bis.org/publ/rpfx13.htm), with a detailed analysis to follow in December 2013. Central banks of many other countries are also publishing their own survey results; links to their websites can be found on the BIS website.

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Notes to Editors

1. A total of 47 institutions, mainly commercial and investment banks, participated in the UK survey. The same number of institutions participated in the 2010 survey. As with previous surveys, only firms that participate in the inter-dealer market and/or have a large active derivative business with customers were asked to complete the 2013 survey. Small institutions were not asked to participate in order to reduce their reporting burden. For those institutions active in the UK market but not participating in the survey, their transactions with participating institutions will have been recorded by those institutions.

2. For the twenty one business days in April 2013, participants were asked to provide details of their gross turnover in each market, broken down between specified categories of currency, transaction and counterparty. Gross turnover (measured in nominal values) is defined as the absolute total value of all deals entered into during the month - i.e. there is no netting of purchases against sales. Data were requested in terms of US dollar equivalents, rounded to the nearest million.

3. The basis of reporting was the location of the sales desk of the trade, as in the previous three surveys.

4. In the United Kingdom an adjustment is made for the fact that trades between participants in the UK survey will have been reported by both parties to the transaction; other countries have also adjusted their data in this way. The BIS have, in addition, adjusted the global data for cross-border double counting prior to publication today. Aggregating published national results would overstate global turnover due to cross-border double counting.

5. Since October 2004, the Foreign Exchange Joint Standing Committee (FXJSC) has been publishing a turnover survey for the United Kingdom every six months, based on a smaller sample of 30 banks. That survey is very similar to the triennial survey except that the reporting basis is the location of trading desks. Further details of the FXJSC can be found at:

http://www.bankofengland.co.uk/markets/Pages/forex/fxjsc/default.aspx

The April 2013 FXJSC turnover survey can be found at:

http://www.bankofengland.co.uk/markets/Documents/forex/fxjsc/fxturnresults130729.pdf

Market committees in other major financial centres (including New York, Singapore, Canada, Tokyo and Australia) also publish more frequent surveys and details of their publications can be found in the FXJSC release.

6. Triennial surveys before 2010 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 included under OTC instruments. Beginning with the 2010 survey, the expression "global foreign exchange markets" includes all five foreign exchange instruments. Turnover in foreign exchange markets is shown in Tables 1 to 4 while turnover in interest rate derivatives is shown in Tables 5 to 7.