



25 September 2007

BIS Triennial Survey of Foreign Exchange and Over-the-Counter Derivatives Markets in April 2007 - UK Data

In April this year, central banks and monetary authorities in 54 countries, including the United Kingdom, conducted the latest three-yearly survey of turnover in the markets for foreign exchange (spot, forwards and foreign exchange swaps) and over-the-counter (OTC) currency and interest rate derivatives. The surveys are 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 institutions operating within the United Kingdom in these markets.

Foreign exchange market turnover in the United Kingdom increased by 80% from April 2004 to April 2007. The volume of OTC currency and interest rate derivatives business increased by 68% over the same period. The United Kingdom remains the single largest centre of foreign exchange activity with 34.1% of global turnover in April 2007, increasing from 31.3% in 2004. The United Kingdom also remains the largest centre for OTC derivatives activity with 42.5% of global turnover, in line with 2004.

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

- **Average daily turnover in foreign exchange was \$1,359 billion during April 2007**, 80% higher than the \$753 billion per day recorded for April 2004, or a rise of 73% at constant 2007 exchange rates. This growth continues the upward trend seen in 2004 results.
- The largest percentage growth between 2004 and 2007 was in swap transactions (+110%), followed by spot (+51%) and outright forward transactions (+20%). Swap trades accounted for 66% of total UK foreign exchange activity in April 2007, compared with 57% in April 2004.
- **Average daily turnover in OTC currency and interest rate derivatives was \$1,081 billion during April 2007**, compared with the \$643 billion recorded for April 2004.
- The growth within OTC currency and interest rate derivatives was most pronounced in the OTC interest rate swap market. Turnover increased from \$299 billion in April 2004 to \$710 billion in April 2007 (+137%), and accounted for 66% of the total OTC currency and interest rate derivatives turnover in April 2007.

The 2007 Q4 issue of the Bank of England *Quarterly Bulletin* will provide further analysis and more comprehensive statistics for the UK.

The BIS is publishing preliminary global results today (see the BIS website at www.bis.org/triennial.htm), with a detailed analysis to follow in December 2007. Central banks of many other countries are also publishing their own survey results; links to their websites can be found on the BIS website.

Notes to Editors

1 A total of 62 institutions, mainly commercial and investment banks, participated in the UK survey. This was fewer than in previous surveys (for example, there were 93 participants in 2004), as only firms that participate in the inter-dealer market and/or have an active business with large customers were asked to complete the 2007 survey. Small institutions were not asked to participate in order to reducing the reporting burden. For those institutions active in the UK market but not directly involved in the survey, their transactions with participating institutions will have been recorded by those institutions.

2 For the nineteen business days in April 2007, 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 2004 survey.

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 around 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: www.bankofengland.co.uk/markets/forex/fxjsc.

The April 2007 FXJSC turnover survey can be found at: www.bankofengland.co.uk/markets/forex/fxjsc/fxturnresults070731.pdf. Market committees in other major financial centres (including New York, Singapore, Canada and Tokyo) have also started publishing more frequent surveys and details of their publications can be found in the FXJSC release.

Summary of 2007 UK Survey Results

<http://www.bankofengland.co.uk/statistics/Documents/bis-survey/fxotcsum07.pdf>