



News release

1 September 2010

BIS Triennial Survey of Foreign Exchange and Over-the-Counter Interest Rate Derivatives Markets in April 2010 - 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 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 leading institutions located within the United Kingdom in these markets.

Foreign exchange market turnover in the United Kingdom increased by 25% from April 2007 to April 2010. The volume of OTC interest rate derivatives business increased by 29% over the same period. The United Kingdom remains the single largest centre of foreign exchange activity with 37% of global turnover in April 2010, increasing from 35% in 2007. The United Kingdom also remains the largest centre for OTC derivatives activity with 46% of global turnover, up from 44% in 2007.

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

- **Average daily turnover in foreign exchange was \$1,854 billion during April 2010**, 25% higher than the \$1,483 billion per day recorded for April 2007. The rise was similar when measured at constant 2010 exchange rates. Growth has continued, albeit at a slower rate compared with the 2004 and 2007 surveys.
- The increase was driven by 108% growth in spot transactions, which now account for 38% of all foreign exchange market turnover.
- Turnover in other related foreign exchange instruments showed a modest rise of 1%. A large rise in outright forwards (84%) and rises in options (27%) and currency swaps (2%) were largely offset by a fall in foreign exchange swaps (-14%). Foreign exchange swaps remain the largest traded foreign exchange item in the UK and account for 42% of all trades.

- **Average daily turnover in OTC interest rate derivatives was \$1,235 billion during April 2010**, a 29% rise on the \$957 billion recorded for April 2007.
- The growth within OTC interest rate derivatives was most pronounced in the OTC interest rate forward rate agreements. Average daily turnover increased from \$154 billion in April 2007 to \$382 billion in April 2010 (+147%), and accounted for 31% of the total OTC interest rate derivatives turnover in April 2010.

The 2010 Q4 issue of the Bank of England Quarterly Bulletin (to be published on 13th 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 www.bis.org/publ/rpx10.htm), with a detailed analysis to follow in December 2010. 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 47 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 and 62 in 2007), as only firms that participate in the inter-dealer market and/or have a large active derivative business with customers were asked to complete the 2010 survey. Small institutions were not asked to participate in order to reducing their 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 twenty business days in April 2010, 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 two 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 31 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/forex/fxjsc/index.htm>

The April 2010 FXJSC turnover survey can be found at:

<http://www.bankofengland.co.uk/markets/forex/fxjsc/fxturnresults100726.pdf>

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

6. Previous triennial surveys have 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. The analysis will henceforth distinguish between spot transactions and other related foreign exchange instruments (outright forwards, foreign exchange swaps, currency options and currency swaps). Turnover on foreign exchange markets is analysed in Tables 1 to 4. Turnover of interest rate derivatives is analysed in Tables 5 to 7.

Key Resources

Summary of 2010 UK Survey Results

<http://www.bankofengland.co.uk/statistics/Documents/bis-survey/fxotcsum10.pdf>