



Press release

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Turnover in foreign exchange and derivatives markets, 2016 BIS triennial survey: Results for Switzerland

This press release presents the results for a Swiss National Bank (SNB) survey on turnover¹ in foreign exchange and derivatives markets. The request for data was sent to 30 banks that operate in Switzerland and have a sizeable share in the foreign exchange and over-the-counter (OTC) derivatives markets. These banks reported the turnover of their domestic offices.

The survey is part of a global survey coordinated by the Bank for International Settlements (BIS) on foreign exchange and derivatives market activity. It is conducted every three years and in over 50 countries. This is the tenth time that the SNB has taken part.

The survey consists of two parts, with the first on turnover (reference month: April 2016) and the second on amounts outstanding of contracts and on replacement values (reference date: 30 June 2016). The results of the first part of the survey pertaining to Switzerland are presented in this press release. Simultaneously, the BIS is presenting the global results of the survey on turnover in the global foreign exchange and derivatives markets. It also plans to publish the global results of the second part of the survey in the fourth quarter of 2016.

¹ Turnover is defined as the contract volume (notional value) of all new trades concluded during the reporting period. Further details regarding the survey approach are available at www.snb.ch, *Statistics, Surveys, Survey documents, OTC Derivatives Statistics (BIS)*.

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Summary of results

On each of the trading days in April 2016, the 30 reporting banks recorded an average turnover of USD 156 billion in foreign exchange transactions and USD 8 billion in interest rate derivatives transactions.² Compared with the previous survey in 2013, the trading volume in foreign exchange transactions decreased by USD 60 billion (28%), and in interest rate derivatives by USD 24 billion (75%).

Regarding foreign exchange transactions, all instruments recorded a decline compared to 2013. Although fewer foreign exchange swaps and spot transactions, in particular, were concluded, they still remained proportionately the two most important instruments. Once again, the most frequently traded currency was the US dollar. At the same time, the Swiss franc replaced the euro as the second most important currency in foreign exchange transactions.

Turnover in interest rate derivatives was again dominated by swaps and forward rate agreements; however, the turnover for both was considerably below the values recorded for the previous survey in 2013. Trading in interest rate derivatives denominated in euros receded in particular. As a result, the Swiss franc became the most important currency in interest rate derivatives trading for the first time since the 1998 survey.

Turnover in foreign exchange transactions

In April 2016, average daily turnover in foreign exchange transactions amounted to USD 156 billion, which was 28% lower than in April 2013. With a share of 74%, foreign exchange swaps remained the most important instrument, followed by spot transactions with a share of 16%.

Once again, almost two-thirds of foreign exchange transactions were settled via electronic trading platforms and the remainder by telephone.

Instruments

Average daily turnover in foreign exchange swaps fell by 12% to USD 116 billion from USD 132 billion in 2013. Turnover in spot transactions saw a considerable decline of 60% to USD 25 billion (2013: USD 63 billion).

Outright forwards and foreign exchange options retained their relatively minor position, with USD 8 billion and USD 6 billion respectively. Currency swaps were barely used any more.

² Besides spot transactions, foreign exchange transactions refer to foreign exchange swaps, outright forwards, foreign exchange options and currency swaps. Interest rate derivatives comprise swaps, forward rate agreements and options.

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Counterparties

The banks' main trading partners in the foreign exchange markets continued to be cross-border financial institutions, accounting for 69%, or USD 108 billion, of average daily turnover. These were followed by local financial institutions, at 19%, or USD 30 billion. Overall, the share of financial institutions declined slightly to 88% (2013: 93%). Accordingly, the share of non-financial institutions rose from 7% to 12%.

Compared with 2013, the prime brokerage share of total foreign exchange turnover went up from 2% to 4%, while the share of retail-driven transactions remained almost unchanged at 10% (2013: 11%).

Currencies

The decline in foreign exchange transactions primarily occurred in trades denominated in US dollars and euros. Despite this development, the US dollar remained the most traded currency. The euro, however, lost its position as the second most important currency in foreign exchange transactions to the Swiss franc. Regarding turnover in currency pairs, the share of contracts in USD/CHF went up to 28%, from 21% in 2013, whereas the share of EUR/USD contracts declined from 32% to 23%. Other major currency pairs were USD/JPY (10%), EUR/CHF (7%) and GBP/USD (5%).

Turnover in interest rate derivatives transactions

Average daily turnover in interest rate derivatives transactions amounted to USD 8 billion in April 2016, which was USD 24 billion or 75% lower than in April 2013.

Instruments

Trades in swaps and forward rate agreements both recorded a considerable decline in turnover. Compared with the previous survey in 2013, turnover in swaps went down by 67% or USD 13 billion, and in forward rate agreements the drop was 86% or USD 12 billion. With a share of 76% (2013: 58%), swaps remained the most important instrument in interest rate derivatives transactions, followed by forward rate agreements with 23% (2013: 42%). Options continued to have limited importance, with a share of 2%.

Counterparties

The whole of the decrease in interest rate derivatives turnover was accounted for by transactions with financial institutions abroad. These declined by USD 26 billion, and as a result their share fell to 66% (2013: 96%). Correspondingly, the share of domestic financial institutions rose from 1% in 2013 to 16% in 2016, for non-financial institutions it went up from 3% to 18%.

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Currencies

While the majority of interest rate derivatives transactions – an overall share of 94% – were conducted in euros, US dollars and Swiss francs, turnover in what had previously been the most important currency, the euro, plummeted by 91% or USD 22 billion. The share of transactions in euros thus decreased to 27%, compared to 74% in 2013. Even though it saw a decline in turnover, the US dollar share increased from 10% to 25%, while that of the Swiss franc went up to 42% from 10% despite turnover remaining almost the same. This resulted in the Swiss franc becoming the most important currency in interest rate derivatives trading for the first time since the 1998 survey.

Annex to the press release
Turnover in foreign exchange and derivatives markets
2016

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Conventions and notes

CONVENTIONS

0	Rounded zero or value negligible.
—	Absolute zero.
.	Data confidential, not available or not applicable.

NOTES

Rounding differences

The figures in the tables are rounded. Where rounded figures are used in calculations (totals, balances, rates of change, shares), deviations from the exact values can result.

Further information

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Editorial deadline

Cut-off date is 17 August 2016.

Internet

OTC derivatives statistics (BIS)

These tables are available on the internet at www.snb.ch, *Statistics*, *Statistical publications*, *Foreign exchange and derivatives markets*. Data on the global survey are published on the website of the Bank for International Settlements (BIS) at www.bis.org, *Statistics*, *Foreign exchange markets*.

Tables

Table 1

Foreign exchange transactions and interest rate derivatives: overview

	1995	1998	2001	2004	2007	2010	2013	2016
Total turnover In USD billions	1 636	1 950	1 633	1 949	5 972	6 486	5 229	3 457
Turnover per trading day in April (share of total turnover in brackets) In USD millions	90 874	97 501	85 954	97 459	314 294	324 314	249 012	164 609
Total turnover	90 874	97 501	85 954	97 459	314 294	324 314	249 012	164 609
Foreign exchange transactions	88 432 (97%)	91 619 (94%)	76 339 (89%)	85 410 (88%)	253 639 (81%)	249 453 (77%)	216 394 (87%)	156 431 (95%)
Spot transactions	44 186 (49%)	34 464 (35%)	23 388 (27%)	23 168 (24%)	108 449 (35%)	57 860 (18%)	62 768 (25%)	25 335 (15%)
Foreign exchange swaps	33 925 (37%)	41 790 (43%)	41 104 (48%)	49 393 (51%)	116 418 (37%)	172 880 (53%)	131 535 (53%)	116 404 (71%)
Outright forwards	8 351 (9%)	5 465 (6%)	6 331 (7%)	6 653 (7%)	16 824 (5%)	10 676 (3%)	13 844 (6%)	8 441 (5%)
Foreign exchange options	1 946 (2%)	9 650 (10%)	5 453 (6%)	6 164 (6%)	11 871 (4%)	8 015 (2%)	8 078 (3%)	6 239 (4%)
Currency swaps	23 (0%)	250 (0%)	62 (0%)	32 (0%)	77 (0%)	22 (0%)	169 (0%)	13 (0%)
Interest rate derivatives	2 442 (3%)	5 883 (6%)	9 615 (11%)	12 049 (12%)	60 654 (19%)	74 861 (23%)	32 618 (13%)	8 178 (5%)
Swaps	483 (1%)	3 908 (4%)	1 729 (2%)	10 435 (11%)	54 319 (17%)	55 752 (17%)	18 877 (8%)	6 199 (4%)
Forward rate agreements	1 623 (2%)	1 922 (2%)	7 846 (9%)	1 578 (2%)	6 270 (2%)	19 058 (6%)	13 708 (6%)	1 851 (1%)
Options	336 (0%)	53 (0%)	40 (0%)	36 (0%)	66 (0%)	51 (0%)	33 (0%)	129 (0%)
Total turnover, by counterparty								
Financial institutions	76 734 (84%)	81 065 (83%)	71 390 (83%)	78 647 (81%)	269 532 (86%)	301 772 (93%)	233 216 (94%)	144 379 (88%)
Local	13 187 (15%)	13 275 (14%)	10 118 (12%)	9 101 (9%)	18 506 (6%)	24 216 (7%)	48 472 (19%)	30 877 (19%)
Cross-border	63 548 (70%)	67 790 (70%)	61 272 (71%)	69 546 (71%)	251 026 (80%)	277 555 (86%)	184 744 (74%)	113 502 (69%)
Non-financial customers	14 140 (16%)	16 436 (17%)	14 564 (17%)	18 812 (19%)	44 761 (14%)	22 542 (7%)	15 796 (6%)	20 230 (12%)
Local	6 465 (7%)	7 071 (7%)	8 565 (10%)	10 501 (11%)	20 930 (7%)	11 476 (4%)	7 570 (3%)	7 970 (5%)
Cross-border	7 674 (8%)	9 366 (10%)	5 999 (7%)	8 311 (9%)	23 831 (8%)	11 066 (3%)	8 226 (3%)	12 260 (7%)
Currency midrates in April								
USD in								
CHF	1.134	1.505	1.712	1.297	1.212	1.069	0.937	0.964
EUR	.	.	1.120	0.834	0.740	0.745	0.768	0.882
DEM	1.378	1.814	.	.	.	.	.	.
JYP	83.61	132.03	123.73	107.58	118.91	93.58	97.74	109.61
GBP	0.617	0.598	0.697	0.555	0.503	0.653	0.653	0.699
Number of banks	114	63	42	22	23	27	25	30
Number of trading days	18	20	19	20	19	20	21	21

Table 2

Foreign exchange transactions: turnover by counterparty

Turnover per trading day in April 2016 (share of total foreign exchange turnover in brackets)

In USD millions

	Total foreign exchange transactions											
	Spot transactions		Foreign exchange swaps		Outright forwards		Foreign exchange options		Currency swaps			
Total	156 431	(100%)	25 335	(100%)	116 404	(100%)	8 441	(100%)	6 239	(100%)	13	(100%)
Financial institutions	137 666	(88%)	22 373	(88%)	103 740	(89%)	6 851	(81%)	4 690	(75%)	12	(98%)
Local	29 534	(19%)	4 107	(16%)	21 618	(19%)	3 004	(36%)	803	(13%)	3	(23%)
Cross-border	108 133	(69%)	18 267	(72%)	82 122	(71%)	3 847	(46%)	3 887	(62%)	9	(75%)
Banks	113 043	(72%)	17 974	(71%)	88 348	(76%)	3 326	(39%)	3 385	(54%)	10	(83%)
Institutional investors	17 464	(11%)	1 933	(8%)	11 972	(10%)	2 781	(33%)	777	(12%)	0	(0%)
Hedge funds and proprietary trading firms	1 555	(1%)	353	(1%)	581	(0%)	247	(3%)	372	(6%)	2	(15%)
Public institutions	722	(0%)	109	(0%)	525	(0%)	31	(0%)	57	(1%)	0	(0%)
Other	4 882	(3%)	2 004	(8%)	2 314	(2%)	466	(6%)	99	(2%)	0	(0%)
Non-financial customers	18 765	(12%)	2 961	(12%)	12 665	(11%)	1 590	(19%)	1 548	(25%)	0	(2%)
Local	7 211	(5%)	833	(3%)	5 180	(4%)	683	(8%)	515	(8%)	0	(0%)
Cross-border	11 554	(7%)	2 129	(8%)	7 485	(6%)	907	(11%)	1 033	(17%)	0	(2%)

Table 3

Foreign exchange transactions: turnover by currency

Turnover per trading day in April (share of total foreign exchange turnover in brackets)

In USD millions

	1995		1998		2001		2004		2007		2010		2013		2016	
USD	63 801	(72%)	75 278	(82%)	65 106	(85%)	71 505	(84%)	212 599	(84%)	208 119	(83%)	181 523	(84%)	131 739	(84%)
EUR	.	.	.	.	35 156	(46%)	39 374	(46%)	109 741	(43%)	107 225	(43%)	96 710	(45%)	55 051	(35%)
DEM	41 855	(47%)	32 387	(35%)	.	.	.	.	.	.	.	.	.	.	.	.
CHF	35 908	(41%)	33 988	(37%)	25 263	(33%)	28 330	(33%)	72 634	(29%)	74 456	(30%)	62 555	(29%)	58 052	(37%)
JPY	.	.	.	.	.	.	.	.	33 305	(13%)	28 130	(11%)	25 052	(11%)	18 866	(9%)
GBP	.	.	.	.	.	.	.	.	38 990	(15%)	29 788	(12%)	22 994	(12%)	13 416	(12%)
Other	35 300	(40%)	41 584	(45%)	27 154	(36%)	31 611	(37%)	40 011	(16%)	51 188	(21%)	43 954	(20%)	35 738	(23%)
Total	176 864	(200%)	183 238	(200%)	152 678	(200%)	170 819	(200%)	507 279	(200%)	498 905	(200%)	432 788	(200%)	312 862	(200%)

Table 4

Foreign exchange transactions: turnover by currency pair, instrument and counterparty

Turnover per trading day in April 2016

In USD millions

	Total foreign exchange transactions												
	of which CHF against				EUR against					USD against			
	USD	EUR	JPY	GBP	USD	JPY	GBP	Scandinavian currencies*	JPY	GBP	CAD	Asia-Pacific currencies**	
Spot transactions	25 335	3 241	1 973	84	250	7 626	382	638	424	1 966	2 429	955	2 256
Financial institutions	22 373	2 900	1 631	66	187	6 708	357	577	392	1 740	2 098	862	2 117
Non-financial customers	2 961	341	342	18	63	918	24	61	32	226	331	93	138
Forward transactions	131 096	39 993	9 255	594	1 527	29 034	835	1 406	420	14 086	5 984	2 570	5 932
Outright forwards	8 441	2 226	757	129	146	1 607	122	211	64	405	478	120	519
Financial institutions	6 851	2 040	577	110	101	1 166	101	162	54	326	275	84	446
Non-financial customers	1 590	186	180	19	45	441	21	49	10	79	202	36	73
Foreign exchange swaps	116 404	37 304	8 252	398	1 314	25 495	601	1 011	249	12 873	4 785	2 158	4 825
Financial institutions	103 740	35 096	7 160	373	1 159	22 915	554	939	230	12 175	4 117	1 670	3 858
Non-financial customers	12 665	2 208	1 092	24	155	2 580	47	72	20	699	668	488	968
Foreign exchange options	6 239	461	246	67	66	1 922	112	184	106	807	722	291	588
Financial institutions	4 690	335	207	56	35	1 516	97	147	86	492	584	226	511
Non-financial customers	1 548	125	39	11	31	407	16	37	20	315	138	65	77
Currency swaps	13	3	0	0	0	10	0	0	0	0	0	0	0
Financial institutions	12	3	0	0	0	9	0	0	0	0	0	0	0
Non-financial customers	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	156 431	43 234	11 228	677	1 777	36 660	1 217	2 044	844	16 051	8 414	3 525	8 188

* SEK, NOK, DKK

** AUD, NZD, HKD, CNY, SGD, KRW, TWD, INR

Table 5

Interest rate derivatives: turnover by counterparty**Turnover per trading day in April 2016** (share of total interest rate derivatives turnover in brackets)

In USD millions

	Total interest rate derivatives							
			Swaps		Forward rate agreements		Options	
Total	8 178	(100%)	6 199	(100%)	1 851	(100%)	129	(100%)
Financial institutions	6 713	(82%)	4 939	(80%)	1 672	(90%)	102	(79%)
Local	1 343	(16%)	552	(9%)	753	(41%)	38	(30%)
Cross-border	5 369	(66%)	4 387	(71%)	919	(50%)	63	(49%)
Non-financial customers	1 465	(18%)	1 260	(20%)	179	(10%)	27	(21%)
Local	760	(9%)	737	(12%)	0	(0%)	23	(18%)
Cross-border	706	(9%)	523	(8%)	179	(10%)	4	(3%)

Table 6

Interest rate derivatives: turnover by currency, instrument and counterparty**Turnover per trading day in April 2016**

In USD millions

	EUR	GBP	CHF	USD	JPY	CAD	Scandinavian currencies*	Asia-Pacific currencies**	Other	Total
Total	2 217	154	3 461	2 043	155	13	97	38	1	8 178
Swaps	2 051	144	1 942	1 796	130	11	92	32	0	6 199
Financial institutions	1 588	144	1 635	1 314	126	10	92	29	0	4 939
Non-financial customers	463	1	307	481	4	1	0	3	0	1 260
Forward rate agreements	144	0	1 497	209	0	0	0	0	0	1 851
Financial institutions	0	0	1 463	209	0	0	0	0	0	1 672
Non-financial customers	144	0	34	0	0	0	0	0	0	179
Options	21	10	22	39	24	2	4	6	0	129
Financial institutions	15	9	17	32	24	1	1	2	0	102
Non-financial customers	6	1	4	7	0	1	3	4	0	27

* SEK, NOK, DKK

** AUD, NZD, HKD, CNY, SGD, KRW, TWD, INR

Charts

Foreign exchange transactions and interest rate derivatives

Chart 1

FOREIGN EXCHANGE TRANSACTIONS AND INTEREST RATE DERIVATIVES TURNOVER

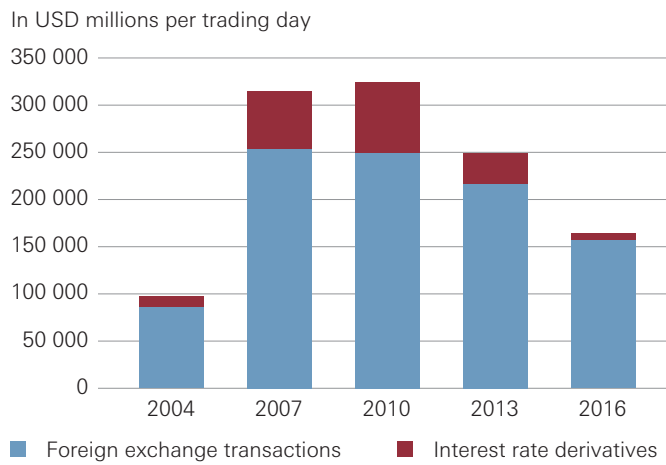
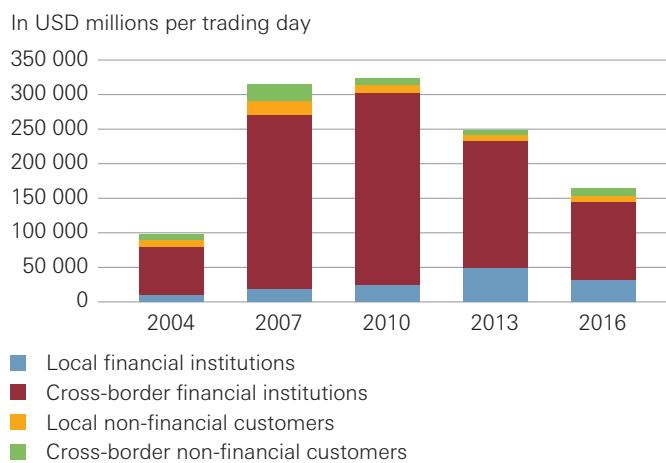


Chart 2

FOREIGN EXCHANGE TRANSACTIONS AND INTEREST RATE DERIVATIVES TURNOVER BY COUNTERPARTY



Turnover in foreign exchange transactions

Chart 3

FOREIGN EXCHANGE TRANSACTIONS TURNOVER BY INSTRUMENT

In USD millions per trading day

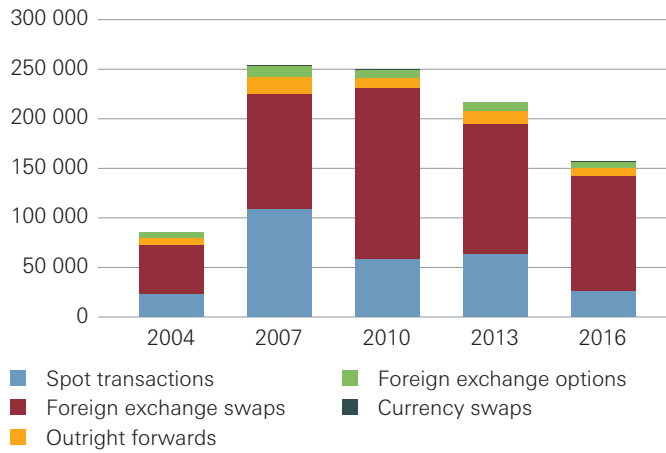


Chart 4

FOREIGN EXCHANGE TRANSACTIONS TURNOVER BY COUNTERPARTY

In USD millions per trading day

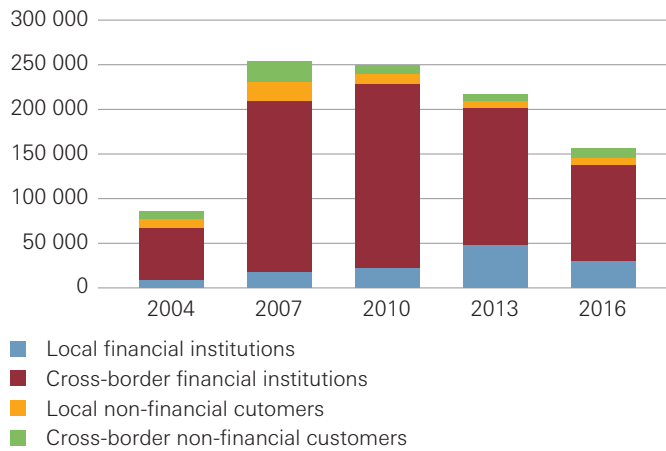


Chart 5

**FOREIGN EXCHANGE TRANSACTIONS
TURNOVER BY CURRENCY PAIR**

In USD millions per trading day

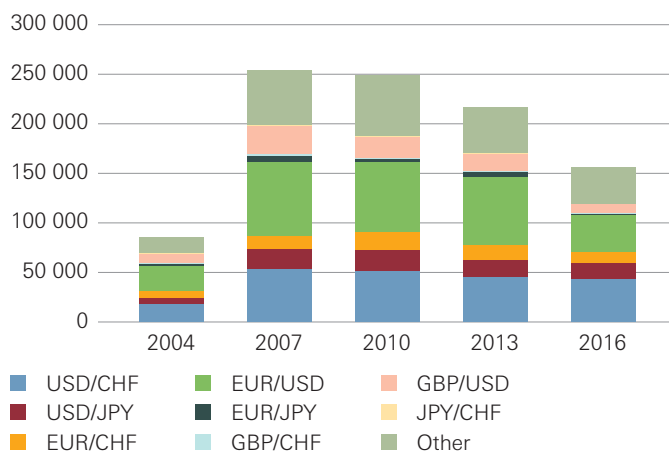
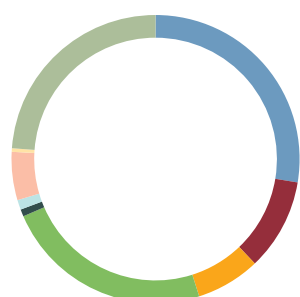


Chart 6

**FOREIGN EXCHANGE
TRANSACTIONS
SHARE OF TURNOVER
BY CURRENCY PAIR
APRIL 2016**

Share in %



USD/CHF	27.6
USD/JPY	10.3
EUR/CHF	7.2
EUR/USD	23.4
EUR/JPY	0.8
GBP/CHF	1.1
GBP/USD	5.4
JPY/CHF	0.4
Other	23.8

Turnover in interest rate derivatives

Chart 7

INTEREST RATE DERIVATIVES TURNOVER BY INSTRUMENT

In USD millions per trading day

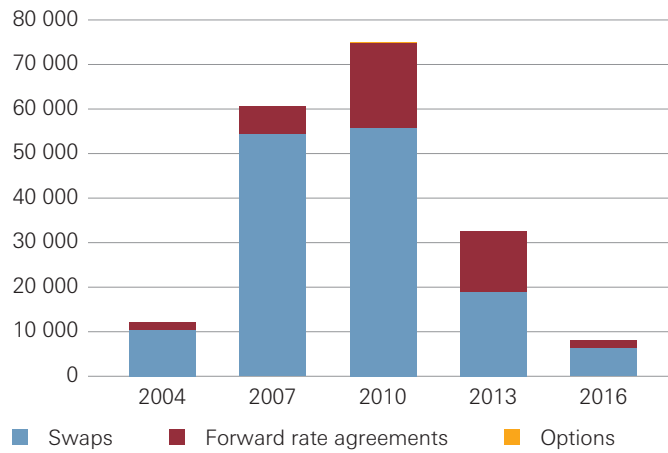


Chart 8

INTEREST RATE DERIVATIVES TURNOVER BY COUNTERPARTY

In USD millions per trading day



Chart 9

INTEREST RATE DERIVATIVES TURNOVER BY CURRENCY

In USD millions per trading day

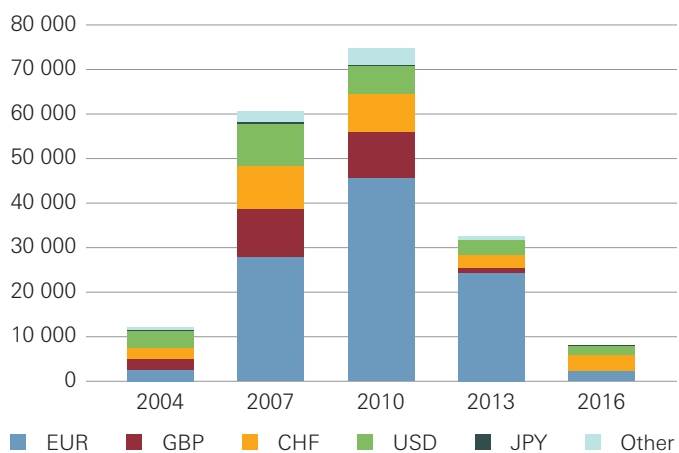


Chart 10

INTEREST RATE DERIVATIVES SHARE OF TURNOVER BY CURRENCY APRIL 2016

Share in %

