

2010-09-01

## PRESS RELEASE

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### **Triennial survey on the foreign exchange and derivatives markets: results for Belgium**

In April 2010, fifty-three central banks and monetary authorities, including the National Bank of Belgium, conducted the Triennial Survey on Foreign Exchange and Derivatives Market Activity. As in previous years, the Bank for International Settlements (BIS)<sup>1</sup> coordinated the survey, which received input from roughly 1,300 market participants.

Like in the previous surveys, the April 2010 survey collected data on turnover in the over-the-counter (OTC) foreign exchange market (spot transactions, outright forwards, FX swaps, currency swaps and currency options) and on the interest rate derivatives market (forward rate agreements, interest rate swaps and interest rate options).

The four most active Belgian financial institutions<sup>2</sup> contributed to the survey once again. This limited number of Belgian reporting dealers nevertheless does not detract from the survey's representativity, as it is estimated to cover well over 90% of the market turnover in Belgium.

Compared with the previous survey, the April 2010 results show a strong decline in activity for Belgium both in the foreign exchange market (- 35 %) and an even sharper downturn in interest rate derivatives markets (- 54 %). Since the worldwide turnover rose by respectively 20 % (foreign exchange market) and 24 % (interest rate derivatives market), Belgium's share of these two markets fell respectively to 0.6 % (1.2 % in 2007) and 0.4 % (1.0 % in 2007).

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<sup>1</sup> The preliminary worldwide results are available on the BIS website ([www.bis.org/publ/rpfx10.htm](http://www.bis.org/publ/rpfx10.htm)).

<sup>2</sup> Dexia Bank Belgium, BNP Paribas Fortis, ING Belgium and KBC Bank.

## 1. FOREIGN EXCHANGE MARKET

### 1.1 GENERAL OVERVIEW

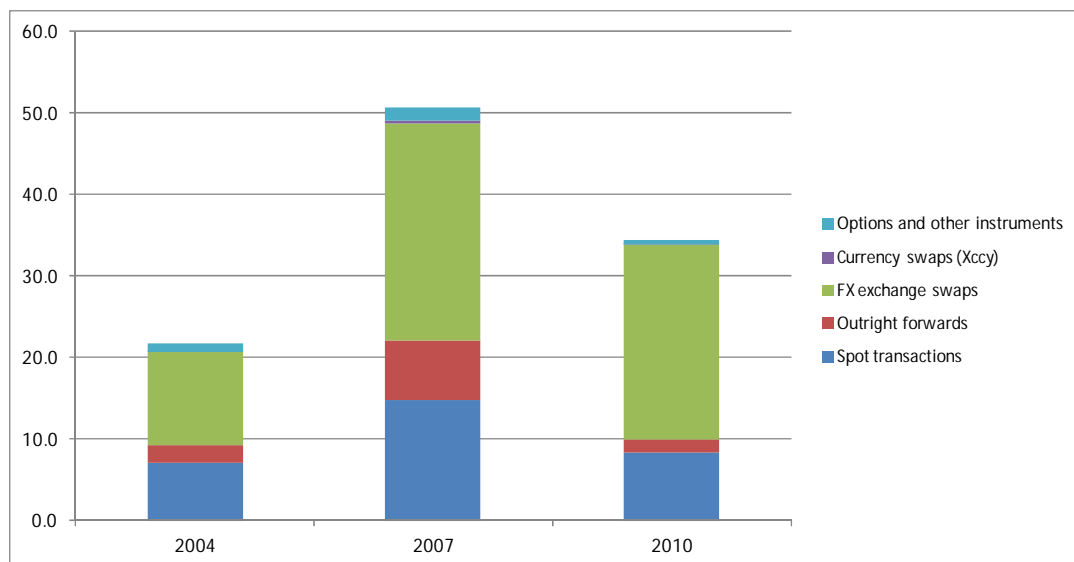


Chart 1: Average gross daily turnover on the foreign exchange market (in billion USD)

In contrast to the again strong global upward trend in the foreign exchange market, after the already unprecedented increase between 2004 and 2007, the average gross<sup>3</sup> daily turnover in Belgium experienced a remarkable decline from USD 50.6 billion in April 2007 to USD 34.4 billion in April 2010. The reduction in turnover comes from spot and outright transactions, in particular.

The strong worldwide rise in foreign exchange market turnover in 2010 is largely due to higher trading activity with « other financial institutions » – a category that includes non-reporting banks, hedge funds, pension funds, mutual funds and insurance companies, among others. For the first time, activity with « other financial institutions » surpassed transactions between reporting dealers. This tendency is reflected in the figures for Belgium given that the global decline in the turnover can be fully ascribed to activity with other reporting dealers, while the turnover with « other financial institutions » has also risen in Belgium (see table 2 below).

<sup>3</sup> Not corrected for (local) double counting.

## 1.2 CURRENCY DISTRIBUTION

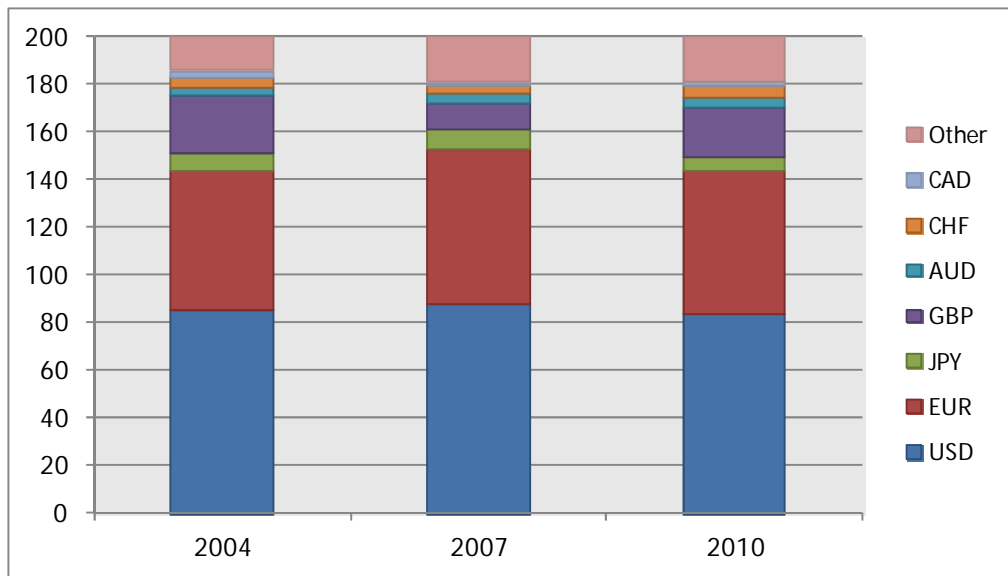


Chart 2: Currency distribution in foreign exchange market turnover  
(percentage shares of the average gross daily turnover)

Reflecting the global trend, there has been a small decrease in the relative weight<sup>4</sup> of the USD in Belgium (from 87 % to 84 %). The dollar therefore remains the most actively traded currency. In contrast to a worldwide increase in the relative weight of the euro and the yen, the relative weight of these currencies has declined in Belgium by respectively 6 % and 2 %. The share of the pound sterling, on the other hand, rose considerably in Belgium, from 11 % to 20 % in the period surveyed, while the worldwide figures showed a decline from 15 % to 13 % (see chart 2 above).

The item listed as « other currencies » (representing a market share of 19 %) comprises, in particular, transactions in Scandinavian currencies (NOK, SEK, DKK), currencies of the new EU countries (PLN, CZK, HUF, RON), Asian currencies (SGD, HKD) and the Russian rouble (RUB).

Despite a small drop in its market share, with nearly 50 %, the EUR/USD combination remains by far the most widely traded currency pair. Cable (GBP/USD) rose strongly from 7 % to 15 % and, with a comfortable headstart, is now the second most active currency pair. EUR/GBP has now ousted USD/JPY from the third place, as the latter has seen its turnover more than halved, while the turnover in EUR/GBP has remained stable.

<sup>4</sup> Since every foreign exchange transaction involves two currencies, the sum of the percentage shares of individual currencies totals 200 %.

## 2. INTEREST RATE DERIVATIVES MARKET

### 2.1 GENERAL OVERVIEW

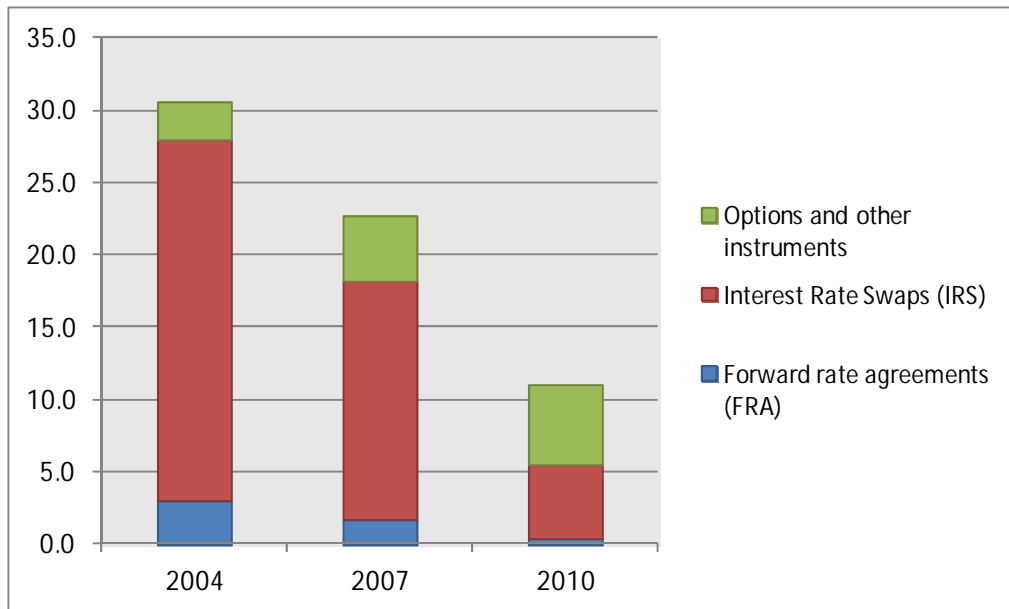


Chart 3: Gross daily turnover of interest rate derivatives (in billion USD)

Again in contrast to the global trend, the gross daily turnover in terms of single-currency interest rate derivatives in Belgium has declined further from USD 22.6 billion to 11 billion (see chart 3 and table 5). The sharp decline is largely due to a fall of almost 70 % in interest rate swaps, and consequently they are no longer the most important market segment. Interest rate options, which have risen by 25 %, now take the lead. Forward rate agreements have slumped (- 80 %) to a total turnover of just USD 0.3 billion (see chart 3 and table 5). As with the foreign exchange market, the share of turnover with « other financial institutions » has risen, even if turnover with other reporting dealers remains by far the most important (see table 6 below).

The rise in interest rate options is mainly due to an increase in interest rate options in USD. The sharp decline in interest rate swaps is mainly driven by a huge drop in such swaps denominated in EUR (from USD 13.3 billion to USD 3.4 billion) (see table 7 below).

### 3. Statistical tables for Belgium

**Table 1**  
**Global foreign exchange market turnover by instrument**

Average gross daily turnover in April, in billions of US dollars

Instrument	2004	2007	2010
<b>Foreign exchange instruments</b>	<b>21.7</b>	<b>50.6</b>	<b>34.4</b>
Spot transactions	7.0	14.8	8.4
Outright forwards	2.3	7.3	1.6
FX swaps	11.3	26.6	23.8
Currency swaps (Xccy)	0.1	0.4	0.1
Options and other instruments	1.1	1.5	0.5

**Table 2**  
**Foreign exchange market turnover by instrument, counterparty and maturity**

Daily gross averages in April, in billions of US dollars and percentages

Instrument/counterparty	2004		2007		2010	
	Amount	%	Amount	%	Amount	%
<b>Spot</b>	<b>7.0</b>	<b>32</b>	<b>14.8</b>	<b>29</b>	<b>8.4</b>	<b>24</b>
with reporting dealers	5.3	75	11.4	77	5.6	67
with other financial institutions	1.3	18	2.3	16	2.6	30
with non-financial customers	0.4	6	1.1	7	0.2	3
<b>Outright forwards</b>	<b>2.3</b>	<b>10</b>	<b>7.3</b>	<b>15</b>	<b>1.6</b>	<b>5</b>
with reporting dealers	1.4	60	5.8	80	1.2	73
with other financial institutions	0.6	25	0.7	9	0.3	16
with non-financial customers	0.3	15	0.8	11	0.2	10
<b>FX swaps</b>	<b>11.3</b>	<b>52</b>	<b>26.6</b>	<b>53</b>	<b>23.8</b>	<b>69</b>
with reporting dealers	7.1	63	19.6	74	14.1	59
with other financial institutions	2.6	23	5.5	21	8.4	35
with non-financial customers	1.6	14	1.4	5	1.3	5
<b>Currency swaps (Xccy)</b>	<b>0.1</b>	<b>0</b>	<b>0.4</b>	<b>1</b>	<b>0.1</b>	<b>0</b>
with reporting dealers	0.1	67	0.2	50	0.1	74
with other financial institutions	0.0	15	0.1	14	0.0	25
with non-financial customers	0.0	19	0.1	36	0.0	1
<b>Options and other instruments</b>	<b>1.1</b>	<b>5</b>	<b>1.5</b>	<b>3</b>	<b>0.5</b>	<b>2</b>
with reporting dealers	0.6	61	0.9	58	0.4	73
with other financial institutions	0.3	30	0.5	31	0.1	21
with non-financial customers	0.1	9	0.2	12	0.0	6
<b>Total</b>	<b>21.7</b>	<b>100</b>	<b>50.6</b>	<b>100</b>	<b>34.4</b>	<b>100</b>
with reporting dealers	14.4	66	37.9	75	21.3	62
with other financial institutions	4.8	22	9.1	18	11.4	33
with non-financial customers	2.5	11	3.6	7	1.7	5
Local	3.7	17	1.9	4	1.9	5
Cross-border	18.0	83	48.7	96	32.5	95
<b>Outright forwards</b>	<b>2.3</b>	<b>100</b>	<b>7.3</b>	<b>100</b>	<b>1.6</b>	<b>100</b>
Up to 7 days	0.2	9	3.4	47	0.4	22
Over 7 days and up to 1 year	2.0	88	3.8	52	1.3	77
Over 1 year	0.1	3	0.1	1	0.0	1
<b>FX swaps</b>	<b>11.3</b>	<b>100</b>	<b>26.6</b>	<b>100</b>	<b>23.8</b>	<b>100</b>
Up to 7 days	9.0	80	23.2	87	19.1	80
Over 7 days and up to 1 year	2.1	19	3.4	13	4.7	20
Over 1 year	0.1	1	0.1	0	0.0	0

**Table 3**  
**Currency distribution of foreign exchange market turnover**

Percentage shares of average gross daily turnover in April

Currency	2004	2007	2010
USD	85	87	84
EUR	59	66	60
JPY	8	8	6
GBP	24	11	20
AUD	3	4	4
CHF	4	4	5
CAD	2	1	1
Other currencies	15	19	19
<b>All currencies *</b>	<b>200</b>	<b>200</b>	<b>200</b>

\* As both base and quoted currencies are used for the calculation of the relative weight in the total turnover, the sum of these relative weights amounts to 200 %.

**Table 4****Foreign exchange market turnover by currency pair**

Gross daily averages in April, in billions of US dollars and percentages

Currency pair	2004		2007		2010	
	Amount	%	Amount		Amount	%
USD/EUR	9.5	43.8	29.3	57.8	16.0	46.5
USD/JPY	1.1	5.2	2.1	4.2	0.9	2.6
USD/GBP	3.8	17.7	3.6	7.1	5.3	15.4
USD/AUD	0.7	3.0	1.4	2.8	1.1	3.3
USD/CAD	0.5	2.2	0.2	0.4	0.2	0.7
USD/CHF	0.5	2.3	1.1	2.1	1.2	3.5
EUR/JPY	0.5	2.4	0.8	1.6	0.9	2.5
EUR/GBP	1.4	6.6	1.3	2.6	1.3	3.7
EUR/CHF	0.5	2.2	0.4	0.8	0.5	1.4
EUR/CAD	0.0	0.1	0.1	0.2	0.1	0.4
EUR/AUD	0.0	0.1	0.0	0.1	0.1	0.4
Other pairs	3.1	14.4	9.6	19.0	6.8	19.7
<b>All currency pairs</b>	<b>21.7</b>		<b>50.6</b>		<b>34.4</b>	



**Table 5**  
**Global OTC interest rate derivatives market turnover by instrument**

Average gross daily turnover in April, in billions of US dollars

Instrument	2004	2007	2010
<b>Interest rate instruments</b>	<b>30.5</b>	<b>22.6</b>	<b>11.0</b>
Forward Rate Agreements (FRA)	2.9	1.7	0.3
Interest Rate Swaps (IRS)	25.0	16.5	5.2
Options and other instruments	2.6	4.4	5.5

**Table 6****OTC interest rate derivatives turnover by instrument, counterparty**

Gross daily averages in April, in billions of US dollars and percentages

Instrument/counterparty	2004		2007		2010	
	Amount	%	Amount	%	Amount	%
<b>Forward Rate Agreements (FRA)</b>	<b>2.9</b>	<b>100</b>	<b>1.7</b>	<b>100</b>	<b>0.3</b>	<b>100</b>
with reporting dealers	1.7	60	1.4	82	0.3	96
with other financial institutions	1.1	39	0.3	18	0.0	4
with non-financial customers	0.0	1	0.0	0	0.0	0
<b>Interest Rate Swaps (IRS)</b>	<b>25.0</b>	<b>100</b>	<b>16.5</b>	<b>100</b>	<b>5.2</b>	<b>100</b>
with reporting dealers	15.0	60	13.1	79	3.5	69
with other financial institutions	7.0	28	2.9	17	1.5	29
with non-financial customers	3.0	12	0.6	3	0.1	2
<b>Options and other instruments</b>	<b>2.6</b>	<b>100</b>	<b>4.4</b>	<b>100</b>	<b>5.5</b>	<b>100</b>
with reporting dealers	1.7	64	2.8	63	3.8	70
with other financial institutions	0.9	34	1.5	34	1.5	28
with non-financial customers	0.0	2	0.1	3	0.1	2
<b>Total</b>	<b>30.5</b>	<b>100</b>	<b>22.6</b>	<b>100</b>	<b>10.9</b>	<b>100</b>
with reporting dealers	18.4	60	17.3	76	7.7	70
with other financial institutions	9.0	30	4.7	21	3.1	28
with non-financial customers	3.1	10	0.7	3	0.2	2
Local	1.4		2.3		1.0	
Cross-border	29.1		20.3		9.9	

**Table 7****OTC interest rate derivatives turnover by currency**

Gross daily averages in April, in billions of US dollars

<b>Currency</b>	<b>2004</b>	<b>2007</b>	<b>2010</b>
<b>Forward rate agreements (FRA)</b>	<b>2.9</b>	<b>1.7</b>	<b>0.3</b>
USD	0.3	0.1	0.0
Euro	2.3	1.5	0.2
JPY	0.0	0.0	0.0
GBP	0.0	0.0	0.0
CHF	0.1	0.0	0.0
CAD	0.0	0.0	0.0
AUD	0.0	0.0	0.0
SEK	0.0	0.0	0.0
Other currencies	0.1	0.1	0.1
<b>Interest Rate Swaps (IRS)</b>	<b>25.0</b>	<b>16.5</b>	<b>5.2</b>
USD	3.8	1.3	1.2
Euro	15.7	13.3	3.4
JPY	0.0	0.1	0.2
GBP	5.0	0.9	0.1
CHF	0.3	0.5	0.1
CAD	0.1	0.1	0.0
AUD	0.0	0.1	0.0
SEK	0.1	0.1	0.1
Other currencies	0.1	0.1	0.1
<b>Options and other instruments</b>	<b>2.6</b>	<b>4.4</b>	<b>5.5</b>
USD	0.4	0.1	1.2
Euro	1.9	4.1	3.6
JPY	0.0	0.0	0.2
GBP	0.2	0.1	0.1
CHF	0.1	0.1	0.1
CAD	0.0	0.0	0.0
AUD	0.0	0.0	0.0
SEK	0.0	0.0	0.1
Other currencies	0.0	0.0	0.1
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
USD	0.0	0.0	0.0
Euro	0.0	0.0	0.0
JPY	0.0	0.0	0.0
GBP	0.0	0.0	0.0
CHF	0.0	0.0	0.0
CAD	0.0	0.0	0.0
AUD	0.0	0.0	0.0
SEK	0.0	0.0	0.0
Other currencies	0.0	0.0	0.0