

2013-09-05

PRESS RELEASE

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

In April 2013, 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)¹ coordinated the survey, which received input from roughly 1,300 market participants.

Like in the previous surveys, data were collected 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 institutions² contributed to the survey once again. This small number of Belgian reporting dealers nevertheless does not affect the survey's representativity, as it is estimated to cover well over 90% of the market turnover in Belgium.

Compared with the last survey, the April 2013 results show another strong decline in turnover for Belgium. Activity in the foreign exchange market declined especially sharply (-34 %), but the decline continued in the interest rate derivatives market (-14 %) too, albeit at a slower pace. Since worldwide turnover rose by respectively +35 % (foreign exchange market) and +14 % (interest rate derivatives market), Belgium's share of these two markets fell respectively to 0.3 % (0.6 % in 2010) and 0.3 % (0.4 % in 2010).

¹ The preliminary worldwide results are available on the BIS website (www.bis.org/publ/rpfx13.htm).

² Belfius Bank, BNP Paribas Fortis, ING Belgium and KBC Bank.

1. FOREIGN EXCHANGE MARKET

1.1 GENERAL OVERVIEW

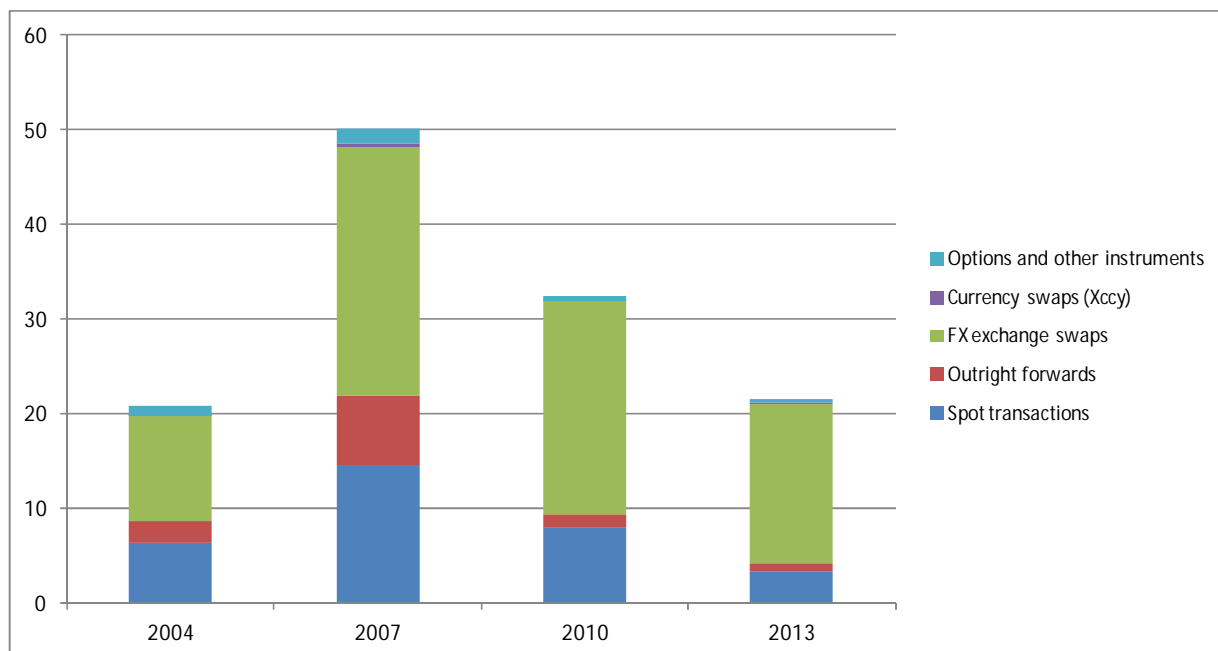


Chart 1: Average net daily turnover on the foreign exchange market (in billion USD)

In contrast to the renewed strong global upward trend in the foreign exchange market, the average net³ daily turnover in Belgium once again suffered a notable decline, from USD 32.5 billion in April 2010 to USD 21.6 billion⁴ in April 2013. The reduction in turnover mainly comes from spot and FX exchange swap transactions (see chart 2 above and table 1 in the annex).

The strong worldwide rise in foreign exchange market turnover is again (as in 2010) 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. Just as in 2010, activity with "other financial institutions" is higher than transactions between "reporting dealers". This tendency is not reflected in the figures for Belgium where activity with "other financial institutions" declined (from 33 % to 24 %), while turnover with "reporting dealers" remained the biggest counterparty category (72 %) (see table 2 in the annex).

³ Adjusted for (local) double counting.

⁴ Taking into account that the USD is about the same level as in 2010, this represents grosso modo the real increase in volume.

1.2 CURRENCY DISTRIBUTION

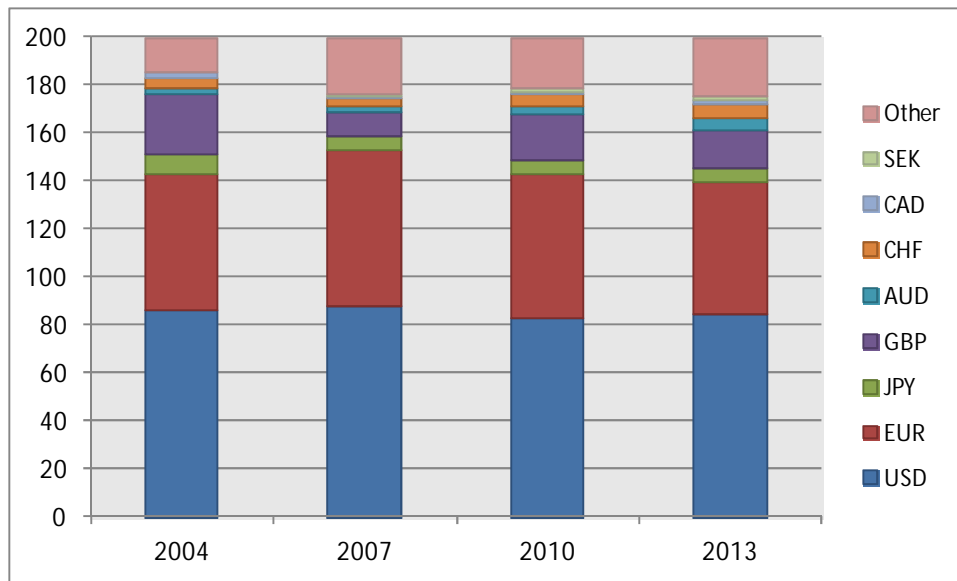


Chart 2: Currency distribution in foreign exchange market turnover
(percentage shares of the average net daily turnover)

The relative weight⁵ of the USD in Belgium remains broadly unchanged (84 % in 2013 compared to 83 % in 2010). The dollar therefore remains the most actively traded currency. Reflecting the global trend, the relative weight of the euro and pound sterling declined in Belgium by respectively 5 % and 2 % (see chart 2 above and table 3 in the annex).

The item listed as "other currencies" (with a market share of 25 %, + 4 %) comprises, in particular, transactions in Scandinavian currencies (NOK, DKK), the new EU countries' currencies (PLN, CZK, HUF, RON), Asian currencies (SGD, HKD) and the Russian rouble (RUB).

Despite a drop of 6 % in its market share, to just over 40 %, the EUR/USD combination remains by far the most widely traded currency pair. Cable (GBP/USD) also remains the second most active currency pair despite a decline from 15.5 % to 11 %. EUR/GBP remains the third most important currency pair in Belgium (5.3 %). Other important currency pairs include USD/JPY (4.8 %), USD/SEK (4.8 %) and USD/AUD (4.5 %) (see table 4 in the annex).

⁵ 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

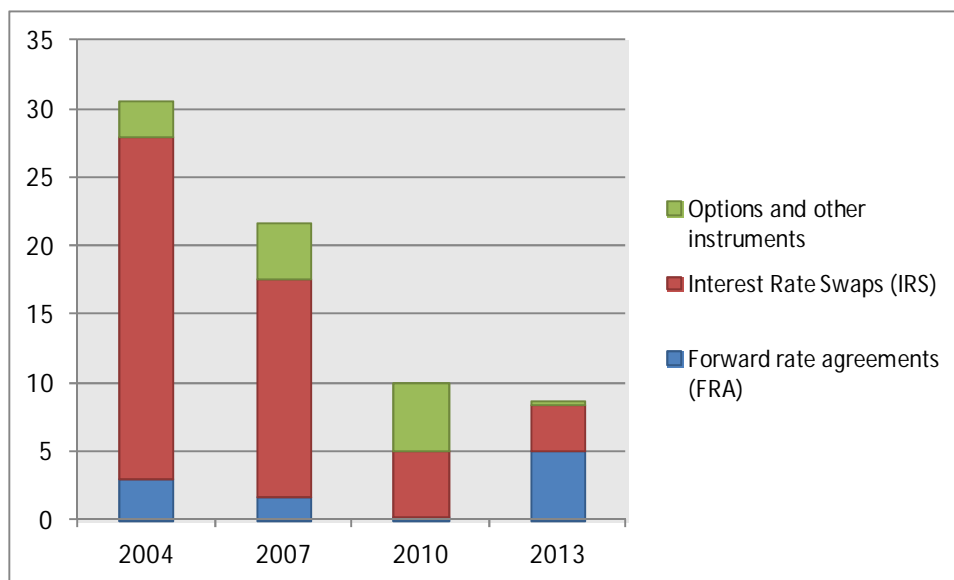


Chart 3: Net daily turnover of interest rate derivatives (in billion USD)

The net daily turnover in terms of single-currency interest rate derivatives in Belgium has declined further in 2013, from USD 10 billion to 8.6 billion. Most notably, forward rate agreements rose sharply (from USD 0.3 billion to USD 5 billion), while interest rate options declined by nearly the same extent (from USD 5.0 billion to USD 0.2 billion). The turnover in interest rate swaps fell slightly, from USD 4.7 billion to USD 3.4 billion (see chart 3 above and table 5 in the annex).

The share of turnover with "other financial institutions" rose sharply, from 29 % to 67 %, while the share of turnover with "reporting dealers" declined proportionally from 69 % to 31 % (see table 6 in the annex).

The expansion of forward rate agreements is mainly due to an increase in forward rate agreements denominated in EUR (from USD 0.2 billion to USD 4.9 billion). The sharp decline in interest rate swaps is mainly driven by a drop in such swaps denominated in EUR (from USD 3.2 billion to USD 0.2 billion) and in USD (from USD 1.2 billion to USD 0 billion) (see table 7 in the annex). With a total turnover of USD 8.1 billion, the euro remains by far the most important denomination on the interest rates derivatives market.

3. Statistical tables for Belgium

Table 1
Global foreign exchange market turnover by instrument

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

Instrument	2004	2007	2010	2013
Foreign exchange instruments	20.8	50.1	32.5	21.6
Spot transactions	6.4	14.6	7.9	3.3
Outright forwards	2.2	7.3	1.6	0.9
FX swaps	11.1	26.3	22.5	16.8
Currency swaps (Xccy)	0.1	0.4	0.1	0.2
Options and other instruments	1.0	1.5	0.5	0.5

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

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

Instrument/counterparty	2004		2007		2010		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
Spot	6.4	31	14.6	29	7.9	24	3.3	15
with reporting dealers	4.7	73	11.2	77	5.3	66	2.2	67
with other financial institutions	1.3	20	2.3	16	2.4	31	0.9	28
with non-financial customers	0.4	6	1.1	7	0.2	3	0.2	5
Outright forwards	2.2	11	7.3	15	1.6	5	0.9	4
with reporting dealers	1.3	59	5.8	80	1.1	74	0.4	43
with other financial institutions	0.6	26	0.7	9	0.3	16	0.3	33
with non-financial customers	0.3	15	0.8	11	0.2	10	0.2	24
FX swaps	11.1	53	26.3	52	22.5	69	16.8	78
with reporting dealers	6.9	62	19.3	73	13.3	59	12.5	74
with other financial institutions	2.6	23	5.5	21	8.0	36	3.8	23
with non-financial customers	1.6	15	1.4	5	1.2	5	0.5	3
Currency swaps (Xccy)	0.1	0	0.4	1	0.1	0	0.2	1
with reporting dealers	0.1	100	0.2	50	0.1	73	0.1	67
with other financial institutions	0.0	0	0.1	14	0.0	26	0.0	5
with non-financial customers	0.0	0	0.1	36	0.0	1	0.1	28
Options and other instruments	1.0	5	1.5	3	0.5	2	0.5	2
with reporting dealers	0.6	60	0.9	58	0.4	71	0.3	65
with other financial institutions	0.3	30	0.5	31	0.1	23	0.1	15
with non-financial customers	0.1	10	0.2	12	0.0	7	0.1	20
Total	20.8	100	50.1	100	32.5	100	21.6	100
with reporting dealers	13.6	65	37.4	75	20.1	62	15.5	72
with other financial institutions	4.8	23	9.1	18	10.8	33	5.1	24
with non-financial customers	2.5	12	3.6	7	1.6	5	1.0	5
Local	2.8	13	1.4	3	1.6	5	2.3	11
Cross-border	18.0	87	48.7	97	31.0	95	19.3	89
Outright forwards	2.2	100	7.3	100	1.6	100	0.9	100
Up to 7 days	0.2	9	3.4	47	0.4	23	0.3	32
Over 7 days and up to 1 year	1.9	88	3.8	52	1.2	76	0.6	64
Over 1 year	0.1	3	0.1	1	0.0	1	0.0	4
FX swaps	11.1	100	26.3	100	22.5	100	16.8	100
Up to 7 days	8.9	80	23.0	88	18.1	80	14.3	85
Over 7 days and up to 1 year	2.1	19	3.2	12	4.4	20	2.5	15
Over 1 year	0.1	1	0.1	0	0.0	0	0.0	0

Table 3
Currency distribution of foreign exchange market turnover

Percentage shares of average net daily turnover in April

Currency	2004	2007	2010	2013
USD	86	88	83	84
EUR	57	66	60	55
JPY	8	6	6	6
GBP	25	10	19	17
AUD	3	3	4	5
CHF	4	3	5	6
CAD	2	1	1	1
SEK	-	1	2	1
Other currencies	15	24	21	25
All currencies *	200	200	200	200

* 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**

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

Currency pair	2004		2007		2010		2,013	
	Amount	%	Amount		Amount	%	Amount	%
USD/EUR	9.0	43.3	29.0	57.8	15.1	46.5	8.7	40.2
USD/JPY	1.1	5.3	2.1	4.2	0.8	2.5	1.0	4.8
USD/GBP	3.8	18.3	3.6	7.2	5.0	15.5	2.4	11.0
USD/AUD	0.6	3.1	1.4	2.8	1.1	3.3	1.0	4.5
USD/CAD	0.5	2.2	0.2	0.4	0.2	0.7	0.2	1.0
USD/CHF	0.5	2.3	1.0	2.1	1.1	3.5	1.0	4.8
USD/SEK	-	-	0.2	0.4	0.4	1.2	0.2	0.8
EUR/JPY	0.5	2.2	0.8	1.6	0.8	2.5	0.2	0.7
EUR/GBP	1.3	6.3	1.3	2.5	1.2	3.6	1.1	5.3
EUR/CHF	0.5	2.2	0.4	0.8	0.5	1.4	0.2	1.0
EUR/CAD	0.0	0.1	0.1	0.2	0.1	0.4	0.1	0.4
EUR/AUD	0.0	0.1	0.0	0.1	0.1	0.4	0.1	0.5
EUR/SEK	-	-	0.2	0.4	0.1	0.4	0.1	0.5
Other pairs	3.0	14.5	9.8	19.5	5.9	18.1	5.3	24.5
All currency pairs	20.8	100.0	50.1	100.0	32.5	100	21.6	100.0

Table 5
Global OTC interest rate derivatives market turnover by instrument

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

Instrument	2004	2007	2010	2013
Interest rate instruments	30.5	21.6	10.0	8.6
Forward Rate Agreements (FRA)	2.9	1.7	0.3	5.0
Interest Rate Swaps (IRS)	25.0	15.8	4.7	3.4
Options and other instruments	2.6	4.1	5.0	0.2

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

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

Instrument/counterparty	2004		2007		2010		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
Forward Rate Agreements (FRA)	2.9	100	1.7	100	0.3	100	5.0	100
with reporting dealers	1.7	60	1.4	82	0.3	96	0.4	7
with other financial institutions	1.1	39	0.3	18	0.0	4	4.5	91
with non-financial customers	0.0	1	0.0	0	0.0	0	0.1	2
Interest Rate Swaps (IRS)	25.0	100	15.8	100	4.7	100	3.4	100
with reporting dealers	15.0	60	12.3	78	3.2	67	2.2	64
with other financial institutions	7.0	28	2.9	18	1.5	31	1.2	33
with non-financial customers	3.0	12	0.6	4	0.1	2	0.1	3
Options and other instruments	2.6	100	4.1	100	5.0	100	0.2	100
with reporting dealers	1.7	64	2.5	61	3.5	69	0.1	66
with other financial institutions	0.9	34	1.5	36	1.5	29	0.0	12
with non-financial customers	0.0	2	0.1	3	0.1	2	0.0	22
Total	30.5	100	21.6	100	10.0	100	8.6	100
with reporting dealers	18.4	60	16.2	75	6.9	69	2.7	31
with other financial institutions	9.0	30	4.7	22	2.9	29	5.7	67
with non-financial customers	3.1	10	0.7	3	0.2	2	0.2	2
Local	1.4		1.3		1.0		0.6	
Cross-border	29.1		20.3		9.0		8.0	

Table 7
OTC interest rate derivatives turnover by currency

Net daily averages in April, in billions of US dollars

Currency	2004	2007	2010	2013
Forward Rate Agreements (FRA)	2.9	1.7	0.3	5.0
USD	0.3	0.1	0.0	0.0
Euro	2.3	1.6	0.2	4.9
JPY	0.0	0.0	0.0	0.0
GBP	0.0	0.0	0.0	0.0
CHF	0.1	0.0	0.0	0.0
CAD	0.0	0.0	0.0	0.0
AUD	0.0	0.0	0.0	0.0
SEK	0.0	0.0	0.0	0.0
Other currencies	0.1	0.0	0.1	0.0
Interest Rate Swaps (IRS)	25.0	15.8	4.7	3.4
USD	3.8	1.3	1.2	0.3
Euro	15.7	12.8	3.1	3.0
JPY	0.0	0.1	0.2	0.0
GBP	5.0	0.8	0.1	0.1
CHF	0.3	0.5	0.1	0.0
CAD	0.1	0.1	0.0	0.0
AUD	0.0	0.1	0.0	0.0
SEK	0.1	0.1	0.1	0.0
Other currencies	0.1	0.1	0.1	0.1
Options and other instruments	2.6	4.1	5.0	0.2
USD	0.4	0.1	1.2	0.0
Euro	1.9	3.8	3.2	0.2
JPY	0.0	0.0	0.2	0.0
GBP	0.2	0.1	0.1	0.0
CHF	0.1	0.1	0.1	0.0
CAD	0.0	0.0	0.0	0.0
AUD	0.0	0.0	0.0	0.0
SEK	0.0	0.0	0.1	0.0
Other currencies	0.0	0.0	0.1	0.0
Total	30.5	21.6	10.0	8.6
USD	4.5	1.5	2.4	0.3
Euro	19.9	18.2	6.5	8.1
JPY	0.1	0.1	0.4	0.0
GBP	5.2	0.9	0.2	0.1
CHF	0.5	0.5	0.2	0.0
CAD	0.1	0.1	0.0	0.0
AUD	0.0	0.1	0.0	0.0
SEK	0.1	0.1	0.1	0.0
Other currencies	0.2	0.1	0.2	0.1