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PRESS RELEASE

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

The Belgian activity in the foreign exchange market has increased, while activity in the interest rate derivatives market decreased. This is one of the conclusions of the triennial survey performed by the BIS which has just been published.

In April 2019, 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 editions, the Bank for International Settlements (BIS)¹ coordinated the survey, which received input from more than 1,200 market participants.

As 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 in these markets contributed to the survey once again. Despite this small number of Belgian reporting dealers the survey is nevertheless representative, as it is estimated to cover well over 90% of the market turnover in Belgium.

Compared with the previous survey, the April 2019 results for Belgium show activity in the foreign exchange market has increased (+ 56%) while activity in the interest rate derivatives market has decreased (-30 %). Worldwide, turnover in the foreign exchange market has

¹ The preliminary worldwide results are available on the BIS website (<https://www.bis.org/publ/rpfx19.htm>).

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

reached USD 6.6 trillion, up from USD 5.1 trillion in 2016. Contrary to the decrease in Belgium, the turnover in the global interest rate derivatives market more than doubled (from USD 2.7 trillion in 2016 to USD 6.5 trillion in 2019). Belgium's share in the global foreign exchange market increased further from 0.35 % in 2016 to 0.43 % in 2019, whereas it decreased in the interest rate derivatives market from 0.55 % in 2016 to 0.16 % in 2019.

1. FOREIGN EXCHANGE MARKET

1.1 GENERAL OVERVIEW

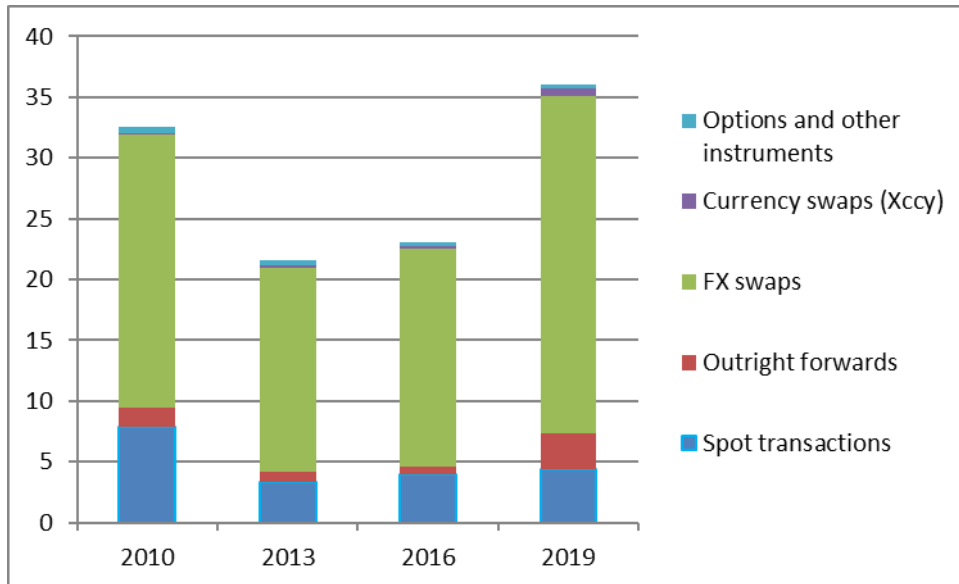


Chart 1: Average net daily turnover on the foreign exchange market (in billion USD)

Similar to the rising trend in the foreign exchange market worldwide, the average net³ daily turnover in Belgium has edged upwards, from USD 23 billion in April 2016 to USD 36 billion⁴ in April 2019. The increase in turnover essentially comes from FX-swaps and outright forward transactions (see chart 1 above and table 1 in the annex).

The variation in foreign exchange market turnover in Belgium is largely due to a change in trading activities with "reporting dealers" (+ USD 10 billion) and activities with "other financial institutions" – a category that includes, among others, non-reporting banks, hedge funds, pension funds, mutual funds and insurance companies (+ USD 2 billion). Activities in 2019 have risen in all counterparty categories, both worldwide and in Belgium (see table 2 in the annex). The distribution over activities in the total turnover did not change, and the turnover with "reporting dealers" remained the biggest counterparty category (78 %).

³ Adjusted for (local) double counting.

⁴ Taking into account that the EUR/USD-level in April 2019 was at about the same level as in April 2016, this represents grosso modo the real increase in volume.

1.2 CURRENCY DISTRIBUTION

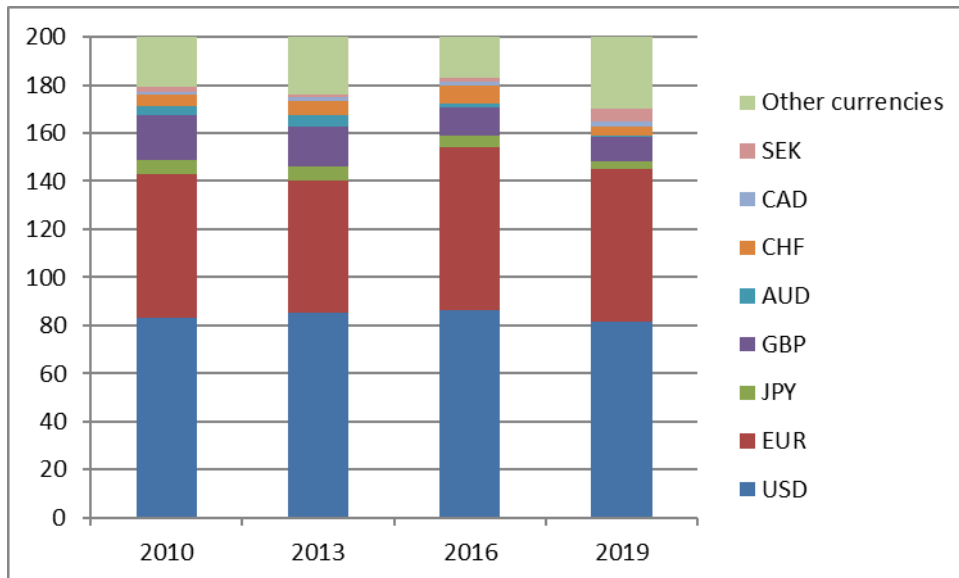


Chart 2: Currency distribution in foreign exchange market turnover (percentage shares of the average net daily turnover)

In Belgium, the dollar remains the most actively traded currency though its relative weight⁵ dropped from 86 % in 2016 to 82 % in 2019. The relative weight of the euro decreased in Belgium from 68 % in 2016 to 64 % in 2019⁶ and the weight of the pound sterling declined further from 12 % to 10 % in 2019 (see chart 2 above and table 3 in the annex).

The item listed as "other currencies" (with a market share of 30 %, vs. 17% in 2016) comprises, among others, transactions in Scandinavian currencies (NOK, DKK), the Central Eastern EU countries' currencies (PLN, HUF), Asian currencies (SGD, HKD) and the Russian rouble (RUB).

The EUR/USD combination is still by far the most widely traded currency pair at 47% (down from 54% in 2016). Cable (GBP/USD) also remains in 2019 the second most active currency pair (stable at 7 %). USD/SEK becomes the third most important currency pair in Belgium at 6 %. USD/CHF is down one place in fourth position at 3 %. Other important currency pairs include USD/JPY (2%), EUR/GBP (2 %) and USD/CAD (1 %) (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 %. Worldwide, the USD's share rose slightly from 88 % in 2016 to 89 % in 2019.

⁶ Globally, the EUR's share rose slightly from 31 % in 2016 to 32 % in 2019.

2. INTEREST RATE DERIVATIVES MARKET

2.1 GENERAL OVERVIEW

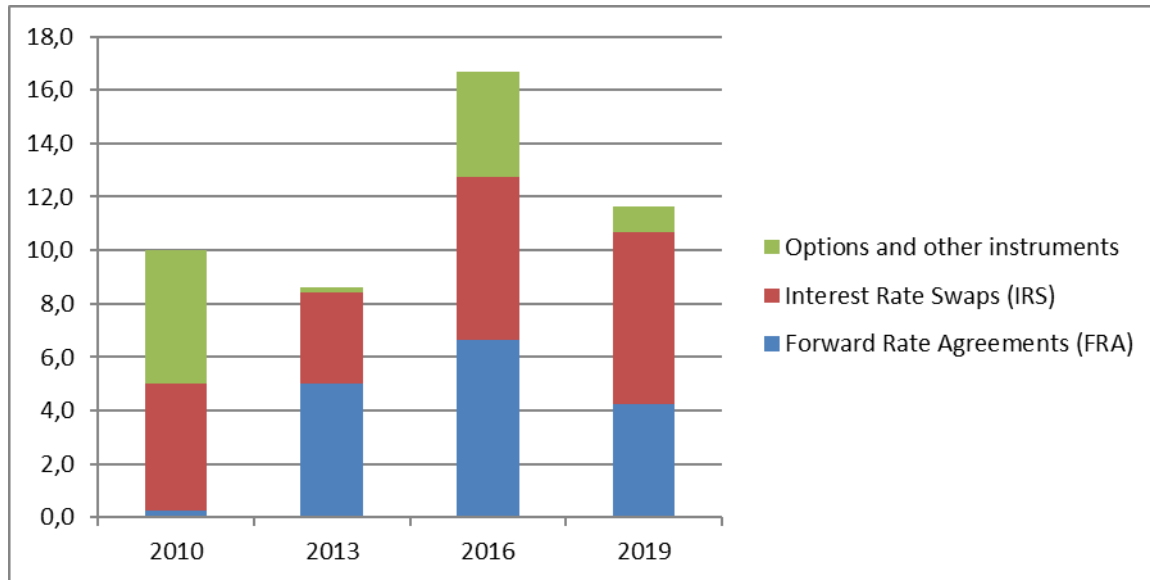


Chart 3: Net daily turnover of interest rate derivatives (in billion USD)

After a spectacular rise in 2016, the net daily turnover in terms of single-currency interest rate derivatives in Belgium dropped from USD 16.7 billion to USD 11.7 billion in 2019, due to a decrease in Options and other instruments and in Forward Rate Agreements (down respectively from USD 3.9 billion to USD 1 billion and from USD 6.6 billion to USD 4.3 billion - see chart 3 above and table 5 in the annex). Activity in Interest Rate Swaps has risen from USD 6.1 billion to USD 6.4 billion.

The share of turnover with "other financial institutions" has more than halved, from 31% to 13 %, while the share of turnover with "reporting dealers" has again rebounded strongly from 59 % to 79 % (see table 6 in the annex).

For the turnover in options and other derivatives, the EUR-denominated volume has dropped sharply from USD 3.6 billion to USD 0.7 billion. The decrease of forward rate agreements is mainly due to a drop in forward rate agreements denominated in EUR (from USD 5.8 billion to USD 3.2 billion). The increase in interest rate swaps is mainly driven by a spike in such swaps denominated in 'other currencies' (from USD 0.2 billion to USD 1 billion) and in GBP (from USD 0 billion to USD 0.2 billion) (see table 7 in the annex). With a total turnover of USD 8.7 billion

(i.e. 75 % of the total, compared to 88% in 2016), the euro remains by far the most important denomination in the interest rates derivatives market.

3. STATISTICAL TABLES FOR BELGIUM

Methodological note

Unless otherwise indicated, when data are compared from year to year, they all relate to the same period of the years in question. In the tables, the totals shown may differ from the sum of the items owing to rounding.

Table 1

Global foreign exchange market turnover by instrument

(average net daily turnover in April, in billions of US dollars)

Instrument	2010	2013	2016	2019
Foreign exchange instruments	32.5	21.6	23.0	36.0
Spot transactions	7.9	3.3	4.0	4.4
Outright forwards	1.6	0.9	0.5	2.9
FX swaps	22.5	16.8	18.0	27.8
Currency swaps (Xccy)	0.1	0.2	0.2	0.6
Options and other instruments ¹	0.5	0.5	0.3	0.3

Memo:

Turnover at April 2019 exchange rates

¹ Exchange-traded derivatives

Table 2

Foreign exchange market turnover by instrument, counterparty and maturity⁷

(daily net averages in April, in billions of US dollars and percentages)

Instrument/counterparty	2010		2013		2016		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Spot	7.9	24	3.3	15	4.0	17	4.4	12
with reporting dealers	5.3	66	2.2	67	2.9	72	3.1	71
with other financial institutions	2.4	31	0.9	28	1.0	25	1.2	27
with non-financial customers	0.2	3	0.2	5	0.1	3	0.1	3
Outright forwards	1.6	5	0.9	4	0.5	2	2.9	8
with reporting dealers	1.1	74	0.4	43	0.2	36	2.1	73
with other financial institutions	0.3	16	0.3	33	0.2	44	0.2	5
with non-financial customers	0.2	10	0.2	24	0.1	21	0.6	22
FX swaps	22.5	69	16.8	78	18.0	78	27.8	77
with reporting dealers	13.3	59	12.5	74	14.6	81	22.2	80
with other financial institutions	8.0	36	3.8	23	2.9	16	5.0	18
with non-financial customers	1.2	5	0.5	3	0.5	3	0.5	2
Currency swaps (Xccy)	0.1	0	0.2	1	0.2	1	0.6	2
with reporting dealers	0.1	73	0.1	67	0.1	39	0.4	62
with other financial institutions	0.0	26	0.0	5	0.0	18	0.1	12
with non-financial customers	0.0	1	0.1	28	0.1	44	0.2	26
Options and other instruments	0.5	2	0.5	2	0.3	1	0.3	1
with reporting dealers	0.4	71	0.3	65	0.1	48	0.2	66
with other financial institutions	0.1	23	0.1	15	0.0	16	0.0	8
with non-financial customers	0.0	7	0.1	20	0.1	36	0.1	26
Total	32.5	100	21.6	100	23.0	100	36.0	100
with reporting dealers	20.1	62	15.5	72	17.9	78	28.0	78
with other financial institutions	10.8	33	5.1	24	4.2	18	6.4	18
with non-financial customers	1.6	5	1.0	5	1.0	4	1.5	4
Local	1.6	5	2.3	11	9.2	40	9.3	26
Cross-border	31.0	95	19.3	89	13.9	60	26.4	73
Outright forwards	1.6	100	0.9	100	0.5	100	2.9	100
Up to 7 days or less	0.4	23	0.3	32	0.3	51	0.5	18
Over 7 days and up to 1 year	1.2	76	0.6	64	0.3	48		
Over 1 year	0.0	1	0.0	4	0.0	1		
Over 7 days and up to 1 month							0.8	29
Over 1 month and up to 3 months							0.7	23
Over 3 months and up to 6 months							0.3	9
Over 6 months							0.6	21
FX swaps	22.5	100	16.8	100	18.0	100	27.8	100
Up to 7 days or less	18.1	80	14.3	85	12.5	70	23.4	84
Over 7 days and up to 1 year	4.4	20	2.5	15	5.3	30		
Over 1 year	0.0	0	0.0	0	0.1	0		
Over 7 days and up to 1 month							2.2	8
Over 1 month and up to 3 months							1.1	4
Over 3 months and up to 6 months							0.6	2
Over 6 months							0.6	2

⁷ A maturity breakdown is collected for forwards and FX swaps. More than 97% of forwards and FX swaps have a maturity of less than one year, yet these data were grouped in only two buckets: up to one week, and one week to one year. As of 2019, the BIS therefore decided to collect a more detailed breakdown of maturities between one week and one year.

Table 3
Currency distribution of foreign exchange market turnover

(percentage shares of average net daily turnover in April)

Currency	2010	2013	2016	2019
USD	83	85	86	82
EUR	60	55	68	64
JPY	6	6	5	3
GBP	19	16	12	10
AUD	4	5	2	1
CHF	5	6	7	4
CAD	1	1	2	2
SEK	2	1	1	6
Other currencies	21	24	17	30
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	2010		2013		2016		2019	
	Amount	%	Amount		Amount	%	Amount	%
USD/EUR	15.1	46.5	8.7	40.2	12.5	54.3	16.7	46.6
USD/JPY	0.8	2.5	1.0	4.8	0.8	3.5	0.8	2.3
USD/GBP	5.0	15.5	2.4	11.0	1.7	7.4	2.7	7.4
USD/AUD	1.1	3.3	1.0	4.5	0.4	1.5	0.3	0.8
USD/CAD	0.2	0.7	0.2	1.0	0.2	1.0	0.5	1.2
USD/CHF	1.1	3.5	1.0	4.8	1.3	5.7	0.9	2.6
USD/SEK	0.4	1.2	0.2	0.8	0.3	1.2	2.0	5.5
EUR/JPY	0.8	2.5	0.2	0.7	0.3	1.2	0.2	0.6
EUR/GBP	1.2	3.6	1.1	5.3	0.9	4.1	0.8	2.2
EUR/CHF	0.5	1.4	0.2	1.0	0.3	1.4	0.2	0.7
EUR/CAD	0.1	0.4	0.1	0.4	0.1	0.5	0.1	0.2
EUR/AUD	0.1	0.4	0.1	0.5	0.1	0.3	0.1	0.2
EUR/SEK	0.1	0.4	0.1	0.5	0.1	0.3	0.1	0.2
Other pairs	5.9	18.1	5.3	24.5	4.1	17.6	10.7	29.6
All currency pairs	32.5	100	21.6	100.0	23.0	100.0	36.0	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	2010	2013	2016	2019
Interest rate instruments	10.0	8.6	16.7	11.7
Forward Rate Agreements (FRA)	0.3	5.0	6.6	4,3
Interest Rate Swaps (IRS)	4.7	3.4	6.1	6,4
Options and other instruments ¹	5.0	0.2	3.9	1,0

Memo:

Turnover at April 2019 exchange rates

¹ Exchange-traded derivatives

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

(net daily averages in April, in billions of US dollars and percentages)

Instrument/counterparty	2010		2013		2016		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Forward Rate Agreements (FRA)	0.3	100	5.0	100	6.6	100	4,3	100
with reporting dealers	0.3	96	0.4	7	2.8	42	3,8	89
with other financial institutions	0.0	4	4.6	92	3.7	56	0,5	11
with non-financial customers	0.0	0	0.0	1	0.1	2	0,0	0
Interest Rate Swaps (IRS)	4.7	100	3.4	100	6.1	100	6,4	100
with reporting dealers	3.2	67	2.2	64	3.8	62	4,6	71
with other financial institutions	1.5	31	1.2	33	1.1	18	1,1	17
with non-financial customers	0.1	2	0.1	3	1.2	20	0,8	12
Options and other instruments	5.0	100	0.2	100	3.9	100	1,0	100
with reporting dealers	3.5	69	0.1	66	3.2	81	0,8	85
with other financial institutions	1.5	29	0.0	13	0.3	9	0,0	1
with non-financial customers	0.1	2	0.0	22	0.4	10	0,1	14
Total	10.0	100	8.6	100	16.7	100	11,7	100
with reporting dealers	6.9	69	2.7	31	9.7	59	9,2	79
with other financial institutions	2.9	29	5.8	67	5.2	31	1,5	13
with non-financial customers	0.2	2	0.2	2	1.7	10	0,9	8
Local	1.0		0.6		1.9		2,4	
Cross-border	9.0		8.0		14.8		9,3	

Table 7 OTC interest rate derivatives turnover by currency

(net daily averages in April, in billions of US dollars)

Currency	2010	2013	2016	2019
Forward Rate Agreements (FRA)	0.3	5.0	6.6	4,3
USD	0.0	0.0	0.5	0,3
EUR	0.2	4.9	5.8	3,2
JPY	0.0	0.0	0.0	0,0
GBP	0.0	0.0	0.3	0,1
CHF	0.0	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	0.0	0,7
Interest Rate Swaps (IRS)	4.7	3.4	6.1	6,4
USD	1.2	0.3	0.6	0,5
EUR	3.1	3.0	5.2	4,8
JPY	0.2	0.0	0.0	0,0
GBP	0.1	0.1	0.0	0,2
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	0.1	0.0	0.0	0,0
Other currencies	0.1	0.1	0.2	1,0
Options and other instruments	5.0	0.2	3.9	1,0
USD	1.2	0.0	0.2	0,1
EUR	3.2	0.2	3.6	0,7
JPY	0.2	0.0	0.0	0,0
GBP	0.1	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	0.1	0.0	0.0	0,0
Other currencies	0.1	0.0	0.0	0,1
Total	10.0	8.6	16.7	11,7
USD	2.4	0.3	1.4	0,8
EUR	6.5	8.1	14.7	8,7
JPY	0.4	0.0	0.0	0,0
GBP	0.2	0.1	0.4	0,3
CHF	0.2	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	0.1	0.0	0.0	0,0
Other currencies	0.2	0.1	0.1	1,8