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PRESS RELEASE

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

Compared with the previous survey, Belgian activity on both the foreign exchange market and the interest rate derivatives market is down. This is one of the conclusions of the latest triennial survey coordinated by the BIS (Bank for International Settlements), the results of which were recently published.

In April 2022, fifty-two central banks and monetary authorities, including the National Bank of Belgium, carried out the Triennial Central Bank Survey of Foreign Exchange and Over-the-counter Derivatives Markets. As in previous years, the Bank for International Settlements (BIS)¹ coordinated the survey, to which more than 1,200 market participants responded.

As usual, data were collected regarding turnover on the over-the-counter (OTC) foreign exchange market (spot transactions, outright forwards, FX swaps, currency swaps and currency options) and the interest rate derivatives market (forward rate agreements, interest rate swaps and interest rate options).

Once again, the four most active Belgian financial institutions² on these markets responded to the survey. Despite this small number of reporting dealers, the survey is nevertheless considered representative, as it is estimated to cover well over 90% of market turnover in Belgium.

¹ The preliminary worldwide results are available at <https://www.bis.org/statistics/rpfx22.htm>.

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

Compared with the previous survey, the April 2022 results for Belgium show a drop in activity (-10%) on the foreign exchange market and a second consecutive drop in activity on the interest rate derivatives market (-37%, following a 30% decrease in 2019). As far as the foreign exchange market is concerned, the results for Belgium contrast with the worldwide results, where FX turnover was up by 14%, from USD 6.6 trillion per day in 2019 to USD 7.5 trillion in April 2022. This 14% rise since April 2019 is nevertheless the lowest triennial growth rate reported by all but two surveys since 2004. Turnover on the global interest rate derivatives market fell, as was the case for Belgium, averaging USD 5.2 trillion per day in 2022, down 19% from USD 6.4 trillion in 2019. Belgium's share of the global foreign exchange market and the interest rate derivatives market shrunk from 0.43% in 2019 to 0.32% in 2022 and from 0.16% in 2019 to 0.13% in 2022, respectively.

1. FOREIGN EXCHANGE MARKET

1.1 OVERVIEW

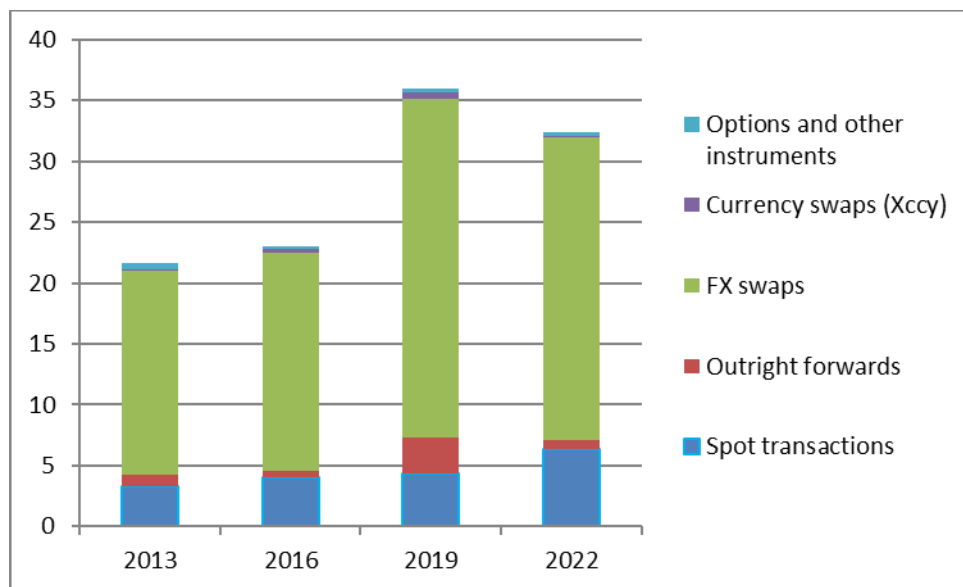


Chart 1: Average net daily turnover on the foreign exchange market (in billions of US dollars)

Contrary to the rising trend on the global foreign exchange market, average net³ daily turnover in Belgium fell, from USD 36 billion in April 2019 to USD 32 billion⁴ in April 2022. On the other hand, 2019 was a record year for Belgian reporting entities, and 2022 daily turnover remains well above the 2013 and 2016 levels. The decrease in Belgian FX turnover was essentially on FX swaps and outright forwards (see Chart 1 above and Table 1 in the Annex) and was partially offset by an increase in spot transactions. Globally, while all FX instruments experienced turnover growth, FX swap instruments consolidated their leading position, with the most impressive growth rate (+19%) and a 51% market share (compared to 49% in 2019).

The variation in foreign exchange market turnover in Belgium was largely due to a drop in trading activities with "other financial institutions", a category that includes non-reporting banks, hedge funds, pension funds, mutual funds and insurance companies (-USD 2.7 billion), while turnover with "reporting dealers" and "non-financial institutions" retreated by USD 0.6 billion and USD 0.3 billion, respectively (see Table 2 in the Annex). Once again, the distribution of total turnover per counterparty type did not change in 2022, with "reporting dealers" remaining the most important category (rising from 78% in 2019 to 85%). In 2022, foreign exchange activity worldwide grew mainly due to an increase in trading activity with reporting dealers (37%). Turnover with other financial institutions remained stable (+1%), while that with non-financial institutions shrank by 10%.

³ Adjusted for (local) double counting.

⁴ The EUR/USD level in April 2022 was approximately 5% lower than in April 2019, which partially explains the decrease.

1.2 CURRENCY DISTRIBUTION

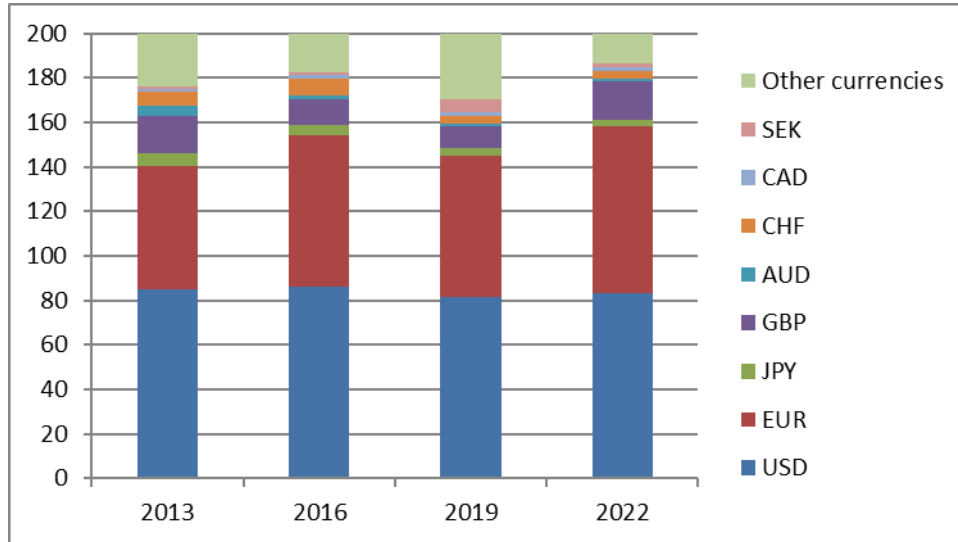


Chart 2: Currency distribution of foreign exchange market turnover
(percentage share of average net daily turnover)

In Belgium, in line with the global results, the dollar remained the most actively traded currency and saw its relative weight⁵ climb modestly from 82% in 2019 to 83% in 2022. The relative weight of the euro increased in Belgium from 64% in 2019 to 75% in 2022,⁶ approaching the level of the USD, while the weight of the pound sterling rebounded from its 10% low in 2019 to 17% in 2022 (see Chart 2 above and Table 3 in the Annex).

The residual category "other currencies" (with a market share of 13%, compared to 30% in 2019) includes all participating countries' currencies other than those listed, e.g. Scandinavian currencies (NOK and DKK), central European currencies (CZK, HUF and RON) and Asian currencies (SGD and HKD). The rise in the share of global trading involving the renminbi (accounting for 7% of global turnover, making it the fifth most traded currency in 2022) was not seen in Belgium.

⁵ Since every foreign exchange transaction involves two currencies, the sum of the percentage shares of the individual currencies totals 200%. Worldwide, the US dollar's share remained stable at 88% from 2019 to 2022.

⁶ Globally, the EUR's share decreased slightly from 32% in 2019 to 31% in 2022.

The EUR/USD pair remains by far the most widely traded currency pair at 59% (up from 46% in 2019) in Belgium. EUR/GBP is the second most active pair (10%) in 2022, replacing the cable (USD/GBP) which ranked third with a 7% market share. The USD/CHF came in fourth (2%), followed closely by the USD/JPY (2%). Other relevant currency pairs include USD/SEK, USD/CAD and EUR/CHF (see Table 4 in the Annex).

2. INTEREST RATE DERIVATIVES MARKET

2.1 OVERVIEW

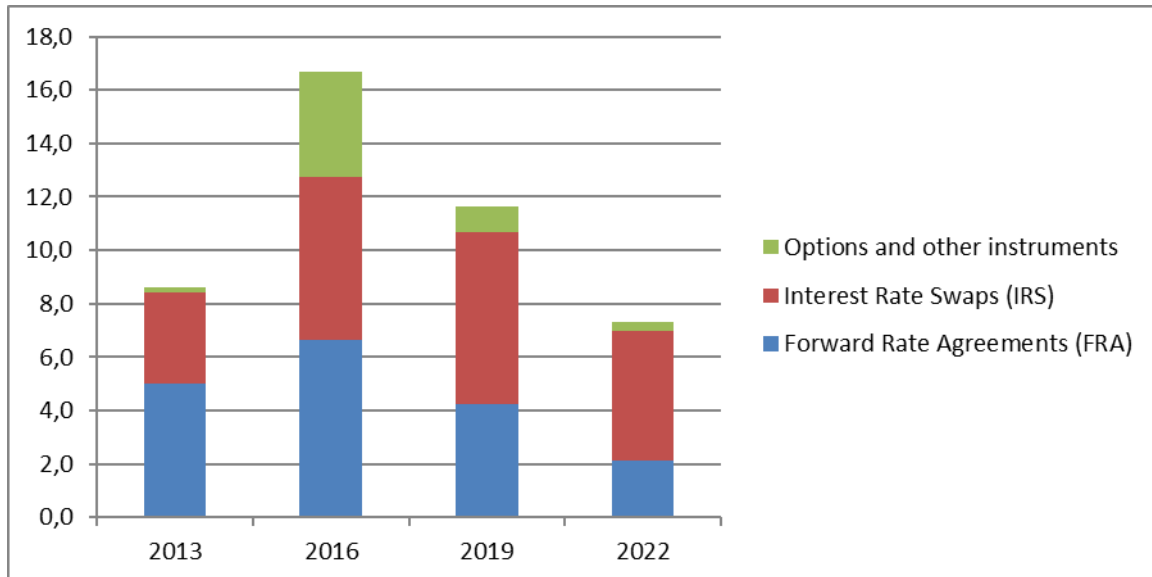


Chart 3: Net daily turnover of interest rate derivatives (in billions of USD)

The net daily turnover on single-currency interest rate derivatives in Belgium dropped further from USD 11.7 billion to USD 7.3 billion in 2022, due to a general decrease across the instrument spectrum (see Chart 3 above and Table 5 in the Annex). The drop in turnover was most pronounced for forward rate agreements, declining 50% from USD 4.3 billion to USD 2.1 billion. Although more marked, the results for Belgium were in line with the global trend.

The share of turnover with "other financial institutions" jumped fivefold, from 13% to 70%, while the share with reporting dealers plummeted from 79% in 2019 to 29% in 2022, reversing the trend seen in the 2016 and 2019 surveys in the distribution of turnover by counterparty in Belgium (see Table 6 in the Annex), which is now more closely aligned with the global trend. At the global level, the share of trading with reporting dealers has been falling, at least since the 2007 survey, while trading with other financial institutions is rising. This trend continued in 2022, as turnover with other reporting dealers decreased more rapidly than with other counterparties.

In Belgium, the lion's share of interest rate derivatives is denominated in euros, climbing from 75% of all derivatives in 2019 to 96% in 2022. The rise in (relative) euro-denominated IRD activity was at the expense of transactions denominated in US dollars (falling from 7% to 3%),

pounds sterling (falling from 3% to 0%) and other currencies, which were at an exceptionally high level of 15% in 2019 and now account for only 1% of IRD activity, thus more in line with the results of previous surveys.

US dollar-denominated interest rate derivatives continued to make up a modest share (5%) of interest rate swaps in Belgium, while all other currencies virtually disappeared (see Table 7 in the Annex). The USD evolution is in line with the global trend which saw the share of turnover attributable to US dollar-denominated contracts, accounting for roughly half the global total in 2016 and 2019, fall to 44% in April 2022. This effect was due to the asymmetric impact of the LIBOR reform on FRA denominated in US dollars, whereby turnover in US dollar-denominated contracts declined and turnover in euro-denominated contracts rose, leading to a relatively sharp decline in the US dollar's share of total turnover.

3. Statistical tables for Belgium

Methodological note

Unless indicated otherwise, when data are compared from year to year, all relate to the same period of the year(s) in question. In the following tables, the totals shown may differ from the sum of the items due to rounding.

Table 1
Foreign Exchange Market Turnover by Instrument
(average net daily turnover in April, in billions of US dollars)

Instrument	2013	2016	2019	2022
Foreign exchange instruments	21.6	23.0	36.0	32.4
Spot transactions	3.3	4.0	4.4	6.3
Outright forwards	0.9	0.5	2.9	0.8
FX swaps	16.8	18.0	27.8	24.9
Currency swaps (Xccy)	0.2	0.2	0.6	0.1
Options and other instruments ¹	0.5	0.3	0.3	0.3

Note: Turnover at April 2022 exchange rates

¹ Exchange-traded derivatives

Table 2
Foreign Exchange Market Turnover by Instrument, Counterparty and Maturity⁷
 (average daily net turnover in April, in billions of US dollars and in percentage terms)

Instrument/counterparty	2013		2016		2019		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Spot	3,3	15	4,0	17	4,4	12	6,3	19
with reporting dealers	2,2	67	2,9	72	3,1	71	5,4	86
with other financial institutions	0,9	28	1,0	25	1,2	27	0,7	11
with non-financial customers	0,2	5	0,1	3	0,1	3	0,2	4
Outright forwards	0,9	4	0,5	2	2,9	8	0,8	2
with reporting dealers	0,4	43	0,2	36	2,1	73	0,3	42
with other financial institutions	0,3	33	0,2	44	0,2	5	0,2	29
with non-financial customers	0,2	24	0,1	21	0,6	22	0,2	30
FX swaps	16,8	78	18,0	78	27,8	77	24,9	77
with reporting dealers	12,5	74	14,6	81	22,2	80	21,4	86
with other financial institutions	3,8	23	2,9	16	5,0	18	2,8	11
with non-financial customers	0,5	3	0,5	3	0,5	2	0,7	3
Currency swaps (Xccy)	0,2	1	0,2	1	0,6	2	0,1	0
with reporting dealers	0,1	67	0,1	39	0,4	62	0,1	81
with other financial institutions	0,0	5	0,0	18	0,1	12	0,0	10
with non-financial customers	0,1	28	0,1	44	0,2	26	0,0	10
Options and other instruments	0,5	2	0,3	1	0,3	1	0,3	1
with reporting dealers	0,3	65	0,1	48	0,2	66	0,2	55
with other financial institutions	0,1	15	0,0	16	0,0	8	0,1	22
with non-financial customers	0,1	20	0,1	36	0,1	26	0,1	23
Total	21,6	100	23,0	100	36,0	100	32,4	100
with reporting dealers	15,5	72	17,9	78	28,0	78	27,4	85
with other financial institutions	5,1	24	4,2	18	6,4	18	3,8	12
with non-financial customers	1,0	5	1,0	4	1,5	4	1,3	4
Local	2,3	11	9,2	40	9,4	26	2,4	7
Cross-border	19,3	89	13,9	60	26,7	74	30,2	93
Outright forwards	0,9	100	0,5	100	2,9	100	0,8	100
Up to 7 days or less	0,3	32	0,3	51	0,5	18	0,5	68
Over 7 days and up to 1 year	0,6	64	0,3	48				
Over 1 year	0,0	4	0,0	1				
Over 7 days and up to 1 month					0,8	29	0,1	8
Over 1 month and up to 3 months					0,7	23	0,1	9
Over 3 months and up to 6 months					0,3	9	0,1	8
Over 6 months					0,6	21	0,1	8
FX swaps	16,8	100	18,0	100	27,8	100	24,9	100
Up to 7 days or less	14,3	85	12,5	70	23,4	84	21,8	88
Over 7 days and up to 1 year	2,5	15	5,3	30				
Over 1 year	0,0	0	0,1	0				
Over 7 days and up to 1 month					2,2	8	1,4	5
Over 1 month and up to 3 months					1,1	4	0,8	3
Over 3 months and up to 6 months					0,6	2	0,3	1
Over 6 months					0,6	2	0,6	2

⁷A maturity breakdown is compiled for forwards and FX swaps. More than 97% of forwards and FX swaps have a maturity of less than one year, yet the data were grouped into only two tranches: (i) up to one week and (ii) one week to one year. In 2019, the BIS therefore decided to compile a more detailed breakdown of maturities between one week and one year.

Table 3
Currency Distribution of Foreign Exchange Market Turnover

(percentage share of average daily net turnover in April)

Currency	2013	2016	2019	2022
USD	85	86	82	83
EUR	55	68	64	75
JPY	6	5	3	3
GBP	16	12	10	17
AUD	5	2	1	1
CHF	6	7	4	3
CAD	1	2	2	2
SEK	1	1	6	2
Other currencies	24	17	30	13
All currencies *	200	200	200	200

* As both the base currency and the quote currency are used to calculate the relative weight in total turnover, the sum of these relative weights amounts to 200%.

Table 4
Foreign Exchange Market Turnover by Currency Pair

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

Currency pair	2013		2016		2019		2022	
	Amount		Amount	%	Amount	%	Amount	%
USD/EUR	8,7	40,2	12,5	54,3	16,7	46,4	19,2	59,2
USD/JPY	1,0	4,8	0,8	3,5	0,8	2,3	0,7	2,1
USD/GBP	2,4	11,0	1,7	7,4	2,7	7,4	2,3	7,0
USD/AUD	1,0	4,5	0,4	1,5	0,3	0,8	0,3	1,0
USD/CAD	0,2	1,0	0,2	1,0	0,5	1,2	0,4	1,2
USD/CHF	1,0	4,8	1,3	5,7	0,9	2,6	0,7	2,3
USD/SEK	0,2	0,8	0,3	1,2	2,0	5,5	0,5	1,5
EUR/JPY	0,2	0,7	0,3	1,2	0,2	0,6	0,1	0,4
EUR/GBP	1,1	5,3	0,9	4,1	0,8	2,2	3,3	10,0
EUR/CHF	0,2	1,0	0,3	1,4	0,2	0,7	0,3	1,0
EUR/CAD	0,1	0,4	0,1	0,5	0,1	0,2	0,1	0,4
EUR/AUD	0,1	0,5	0,1	0,3	0,1	0,2	0,1	0,2
EUR/SEK	0,1	0,5	0,1	0,3	0,1	0,2	0,1	0,4
Other pairs	5,3	24,5	4,1	17,6	10,7	29,6	4,3	13,4
All currency pairs	21,6	100,0	23,0	100,0	36,0	100,0	32,4	100,0

Table 5
OTC Interest Rate Derivatives Market Turnover by Instrument

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

Instrument	2013	2016	2019	2022
Interest rate instruments	8.6	16.7	11.7	7.3
Forward rate agreements (FRA)	5.0	6.6	4.3	2.1
Interest rate swaps (IRS)	3.4	6.1	6.4	4.9
Options and other instruments ¹	0.2	3.9	1.0	0.3

Note: Turnover calculated based on April 2022 exchange rates

¹Exchange-traded derivatives

Table 6

OTC Interest Rate Derivatives Turnover by Instrument and Counterparty
(daily net averages in April, in billions of US dollars and in percentage terms)

Instrument/counterparty	2013		2016		2019		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Forward Rate Agreements (FRA)	5,0	100	6,6	100	4,3	100	2,1	100
with reporting dealers	0,4	7	2,8	42	3,8	89	0,6	28
with other financial institutions	4,6	92	3,7	56	0,5	11	1,5	71
with non-financial customers	0,0	1	0,1	2	0,0	0	0,0	1
Interest Rate Swaps (IRS)	3,4	100	6,1	100	6,4	100	4,9	100
with reporting dealers	2,2	64	3,8	62	4,6	71	1,3	26
with other financial institutions	1,2	33	1,1	18	1,1	17	3,5	73
with non-financial customers	0,1	3	1,2	20	0,8	12	0,1	2
Options and other instruments	0,2	100	3,9	100	1,0	100	0,3	100
with reporting dealers	0,1	66	3,2	81	0,8	85	0,3	78
with other financial institutions	0,0	13	0,3	9	0,0	1	0,0	12
with non-financial customers	0,0	22	0,4	10	0,1	14	0,0	10
Total	8,6	100	16,7	100	11,7	100	7,3	100
with reporting dealers	2,7	31	9,7	59	9,2	79	2,1	29
with other financial institutions	5,8	67	5,2	31	1,5	13	5,1	70
with non-financial customers	0,2	2	1,7	10	0,9	8	0,1	2
Local	0,6		1,9		2,4		0,1	
Cross-border	8,0		14,8		9,3		7,2	

Table 7 OTC Interest Rate Derivatives Turnover by Currency

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

Currency	2013	2016	2019	2022
Forward rate agreements (FRA)	5.0	6.6	4.3	2.1
USD	0.0	0.5	0.3	0.0
EUR	4.9	5.8	3.2	2.1
JPY	0.0	0.0	0.0	0.0
GBP	0.0	0.3	0.1	0.0
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	0.0	0.0	0.7	0.0
Interest rate swaps (IRS)	3.4	6.1	6.4	4.9
USD	0.3	0.6	0.5	0.2
EUR	3.0	5.2	4.8	4.5
JPY	0.0	0.0	0.0	0.0
GBP	0.1	0.0	0.2	0.0
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	0.2	1.0	0.1
Options and other instruments	0.2	3.9	1.0	0.3
USD	0.0	0.2	0.1	0.0
EUR	0.2	3.6	0.7	0.3
JPY	0.0	0.0	0.0	0.0
GBP	0.0	0.0	0.0	0.0
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	0.0	0.0	0.1	0.0
Total	8.6	16.7	11.7	7.3
USD	0.3	1.4	0.8	0.2
EUR	8.1	14.7	8.7	7.0
JPY	0.0	0.0	0.0	0.0
GBP	0.1	0.4	0.3	0.0
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	0.1	1.8	0.1