



BANK OF ENGLAND

News release

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BIS triennial survey of foreign exchange and over-the-counter interest rate derivatives markets in April 2016 – UK data

In April this year, central banks and monetary authorities in 52 countries, including the United Kingdom, conducted the latest triennial survey of turnover in the markets for foreign exchange (spot, forwards, foreign exchange swaps, currency swaps and options) and over-the-counter (OTC) interest rate derivatives. The survey is co-ordinated on a global basis by the Bank for International Settlements (BIS), with the aim of obtaining comprehensive and internationally consistent information on the size and structure of the corresponding global markets. The Bank of England conducted the UK survey, which covers the business of leading financial institutions located within the United Kingdom in these markets.

Foreign exchange market turnover in the United Kingdom decreased by 11 per cent from April 2013 to April 2016. While over the same period, turnover in OTC interest rate derivatives decreased by 12 per cent. The United Kingdom remains the single largest centre of foreign exchange activity with 37 per cent of global turnover in April 2016, decreasing from 41 per cent in 2013. The United Kingdom is no longer the largest centre for OTC interest rate derivatives activity, with 39 per cent of total turnover taking place in the United Kingdom, compared with 41 per cent in the United States.

The main findings of the **UK survey** are:

- **Average daily turnover in foreign exchange was \$2,426 billion during April 2016**, 11 per cent lower than the \$2,726 billion recorded for April 2013. This is the first fall recorded on the survey since the decrease recorded between the April 1998 and April 2001 surveys.
- The decrease was driven by a fall in foreign exchange spot transactions, which decreased by 24 per cent. Average daily turnover in options and forward transactions also decreased, down 37 per cent and 14 per cent respectively.
- In contrast, turnover in foreign exchange swaps increased by 3 per cent and remain the largest traded foreign exchange item in the UK, accounting for 48 per cent of all trades. Turnover in currency swaps also increased, up 125 per cent, although account for just 3 per cent of total turnover.

- **Average daily turnover in OTC interest rate derivatives was \$1,181 billion during April 2016**, a 12 per cent decrease on the \$1,348 billion recorded for April 2013. The UK is no longer the largest centre for OTC interest rate derivatives activity, with 39 per cent of OTC interest rate derivatives activity taking place in the United Kingdom, compared with 41 per cent in the US.
- Turnover in interest rate forward rate agreements decreased 21 per cent, whilst turnover in interest rate swaps and interest options decreased 5 per cent and 39 per cent respectively. Interest rate swaps remained the most traded interest rate derivative, accounting for 64 per cent of total OTC interest rate derivatives turnover in April 2016.

The 2016 Q4 issue of the Bank of England Quarterly Bulletin (scheduled for publication on 16 December) will provide further analysis and more comprehensive statistics for the UK.

The BIS is publishing preliminary global results today (see the BIS website at <http://www.bis.org/publ/rpfx16.htm>), with a detailed analysis to follow in December 2016. Central banks of many other countries are also publishing their own survey results; links to their websites can be found on the BIS website.

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Notes to Editors

1. A total of 43 institutions, mainly commercial and investment banks, participated in the UK survey. As with previous surveys, only firms that participate in the inter-dealer market and/or have a large active derivative business with customers were asked to complete the 2016 survey. Small institutions were not asked to participate in order to reduce their reporting burden. For those institutions active in the UK market but not participating in the survey, their transactions with participating institutions will have been recorded by those institutions.
2. For the twenty one business days in April 2016, participants were asked to provide details of their gross turnover in each market, broken down between specified categories of currency, transaction and counterparty. Gross turnover (measured in nominal values) is defined as the absolute total value of all deals entered into during the month - i.e. there is no netting of purchases against sales. Data were requested in terms of US dollar equivalents, rounded to the nearest million.
3. The basis of reporting was the location of the sales desk of the trade, as in the previous four surveys. Prior to the 2004 survey the basis of reporting was the location of the trading desk.
4. In the United Kingdom an adjustment is made for the fact that trades between participants in the UK survey will have been reported by both parties to the transaction; other countries have also adjusted their data in this way. The BIS have, in addition, adjusted the global data for cross-border double counting

prior to publication today. Aggregating published national results would overstate global turnover due to cross-border double counting.

5. Since October 2004, the Foreign Exchange Joint Standing Committee (FXJSC) has been publishing a turnover survey for the United Kingdom every six months, based on a smaller sample of 30 banks. That survey is very similar to the triennial survey except that the reporting basis is the location of trading desks. Further details of the FXJSC can be found at:

<http://www.bankofengland.co.uk/markets/Pages/forex/fxjsc/default.aspx>

The April 2016 FXJSC turnover survey can be found at:

<http://www.bankofengland.co.uk/markets/Documents/forex/fxjsc/2016/fxturnresults160725.pdf>

Market committees in other major financial centres (including New York, Singapore, Canada, Tokyo and Australia) also publish more frequent surveys and details of their publications can be found in the FXJSC release.

6. Triennial surveys before 2010 used the expression "traditional foreign exchange markets" to refer to spot transactions, outright forwards and foreign exchange swaps. This expression excludes currency swaps and currency options, which are included under OTC instruments. Beginning with the 2010 survey, the expression "global foreign exchange markets" includes all five foreign exchange instruments. Turnover in foreign exchange markets is shown in Tables 1 to 4 while turnover in interest rate derivatives is shown in Tables 5 to 7.