

## PRESS RELEASE

### **Central Bank Survey of Foreign Exchange and Derivatives Market Activity in April 2013: Turnover Data, Japan**

#### **I. Outline of Survey**

In April 2013, the Bank of Japan conducted the triennial turnover survey for foreign exchange and OTC derivatives market activity. This survey is a part of the triennial central bank survey, coordinated by the Bank for International Settlements (BIS).<sup>1</sup>

The Bank of Japan obtained data from 47 financial institutions; consisting of 20 Japanese banks, 19 foreign banks, 2 Japanese securities houses, and 6 foreign securities houses.<sup>2</sup>

In this survey, foreign exchange activities are classified into 5 instrument types, and derivatives activities are classified into 3 types.<sup>3</sup> They are further broken down by currency or currency pairs, category of counterparties, and location of counterparties (local or cross-border).

The preliminary global results, aggregated from data collected from participating central banks and monetary authorities, are released by the BIS. The preliminary global results are available at the BIS website (<http://www.bis.org/publ/rpfx13.htm>).

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<sup>1</sup> The BIS started global surveys in 1989 for foreign exchange activity, and in 1995 for derivatives activity.

<sup>2</sup> The survey in April 2013 was conducted by central banks and monetary authorities of 53 countries and regions with data from approximately 1,300 reporting institutions in total. Participating countries and regions are listed in Annex 2.

<sup>3</sup> Classification of market activities in this article is as follows. Foreign exchange market activities include spot transactions, outright forwards, foreign exchange swaps, currency swaps, and currency options. OTC derivatives market activities include FRAs, interest rate swaps, and interest rate options. Until the April 2010 survey, currency swaps and currency options were included in OTC derivatives market activities.

## II. Survey Results<sup>4</sup>

### A. Foreign Exchange Market Activity: Total of spot, outright forwards, foreign exchange swaps, currency swaps, and currency options

- (1) Average daily turnover of the foreign exchange market in Japan during April 2013<sup>5</sup> was US\$374.2 billion and increased by 19.8 percent from the previous survey. Transactions with both financial institutions and non-financial customers rose 16.6 percent and 38.7 percent, respectively (Annex 1, Table 1).
- (2) By type of instrument, spot transactions grew significantly by 54.4 percent in total (Table 2).
- (3) By type of counterparty, the share of inter-dealer transactions is 74.7%. Prime brokered transactions and retail-driven transactions accounted for 6.3 percent and 10.6 percent of all transactions, respectively (Table 3).
- (4) Turnover in the US dollar/Yen, Euro/US dollar, and Euro/Yen increased by 7.9 percent, 17.4 percent, and 32.0 percent, respectively (Table 4).
- (5) In terms of turnover, the aggregated share of both top 10 and top 20 institutions slightly declined (Table 5).
- (6) By type of execution method, transactions via electronic platforms accounted for 54.3 percent, while the share of transactions via voice was 44.3 percent (Table 6).

### B. OTC Derivatives Market Activity: Total of FRAs, interest rate swaps, and interest rate options

- (1) Average daily turnover of derivatives contracts in Japan<sup>6</sup> during April 2013 was US\$67.1 billion, a decrease of 25.3 percent from the previous survey (Table 7).
- (2) While interest rate swaps fell by 32.1 percent from the previous survey, FRAs and interest rate options increased by 36.1 percent and 52.1 percent, respectively (Table 7).
- (3) The share of yen-linked transactions declined by 5.8 percentage points from the previous survey, although that of US dollar-linked transactions rose by 4.5 percentage points (Table 8).
- (4) By type of counterparty, transactions with financial institutions dropped by 25.8 percent from the previous survey, while those with non-financial customers increased by 30.0 percent (Table 9).
- (5) The aggregated share of both top 10 and top 20 institutions in terms of amount of derivatives transactions continued to rise from the previous survey (Table 10).

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<sup>4</sup> It should be noted that intertemporal comparisons are complicated by changes in coverage and definition and the movement of exchange rates over the three-year periods.

<sup>5</sup> Japan's share of foreign exchange market activity in the global market was 5.6 percent (Annex 3).

<sup>6</sup> Japan's share of OTC derivatives market activity in the global market was 2.4 percent (Annex 3).

**A. Tables on Foreign Exchange Market Activities: Total of spot, outright forwards, foreign exchange swaps, currency swaps, and currency options**

**Table 1 Average Daily Turnover in the Foreign Exchange Market in Japan<sup>1</sup>**

US\$ billions, percent

	April 2007		April 2010		April 2013	
		Changes		Changes		Changes
Total of foreign exchange activities	250.2 < 100.0 >	+ 20.7	312.3 < 100.0 >	+ 24.8	374.2 < 100.0 >	+ 19.8
With financial institutions	215.1 < 86.0 >	+ 14.4	266.8 < 85.4 >	+ 24.0	311.1 < 83.1 >	+ 16.6
Local <sup>2</sup>	38.1 < 15.2 >	- 24.2	51.1 < 16.4 >	+ 34.2	74.1 < 19.8 >	+ 44.8
Cross-border <sup>2</sup>	177.0 < 70.7 >	+ 28.4	215.7 < 69.0 >	+ 21.8	237.0 < 63.3 >	+ 9.9
With non-financial customers	35.1 < 14.0 >	+ 82.2	45.5 < 14.6 >	+ 29.8	63.2 < 16.9 >	+ 38.7
Local <sup>2</sup>	33.1 < 13.2 >	+ 89.9	41.9 < 13.4 >	+ 26.8	62.8 < 16.8 >	+ 49.7
Cross-border <sup>2</sup>	2.0 < 0.8 >	+ 10.0	3.6 < 1.2 >	+ 77.1	0.4 < 0.1 >	- 89.0

Notes: 1. Figures in parentheses represent percentages of the total.

2. "Local" denotes transactions between reporting financial institutions and residents.

"Cross-border" denotes transactions with non-residents.

**Table 2 Breakdown of Average Daily Turnover by Instrument<sup>1</sup>**

US\$ billions, percent

	April 2007		April 2010		April 2013	
		Changes		Changes		Changes
With financial institutions	215.1 < 100.0 >	+ 14.4	266.8 < 100.0 >	+ 24.0	311.1 < 100.0 >	+ 16.6
Spot	85.9 < 39.9 >	+ 89.6	81.0 < 30.4 >	- 5.6	116.3 < 37.4 >	+ 43.6
Forwards	16.9 < 7.9 >	+ 16.8	18.4 < 6.9 >	+ 9.0	31.0 < 10.0 >	+ 67.9
FX swaps	102.6 < 47.7 >	- 15.7	158.1 < 59.3 >	+ 54.2	152.2 < 48.9 >	- 3.7
Currency swaps	0.9 < 0.4 >	+ 8.8	2.1 < 0.8 >	+147.5	6.0 < 1.9 >	+185.8
Currency options	8.9 < 4.2 >	+ 52.4	7.1 < 2.7 >	- 20.4	5.5 < 1.8 >	- 22.9
With non-financial customers	35.1 < 100.0 >	+ 82.2	45.5 < 100.0 >	+ 29.8	63.2 < 100.0 >	+ 38.7
Spot	15.1 < 42.9 >	+ 96.2	20.5 < 44.9 >	+ 35.8	40.3 < 63.8 >	+ 97.1
Forwards	8.7 < 24.8 >	+ 28.7	13.2 < 28.9 >	+ 51.4	4.2 < 6.7 >	- 67.8
FX swaps	9.3 < 26.6 >	+215.3	10.1 < 22.3 >	+ 8.8	17.3 < 27.4 >	+ 70.8
Currency swaps	0.2 < 0.5 >	0.0	0.1 < 0.3 >	- 33.3	0.3 < 0.5 >	+183.8
Currency options	1.8 < 5.2 >	+ 8.7	1.6 < 3.6 >	- 10.4	0.9 < 1.5 >	- 42.6
Total	250.2 < 100.0 >	+ 20.7	312.3 < 100.0 >	+ 24.8	374.2 < 100.0 >	+ 19.8
Spot	100.9 < 40.3 >	+ 90.5	101.5 < 32.5 >	+ 0.5	156.6 < 41.9 >	+ 54.4
Forwards	25.6 < 10.2 >	+ 20.6	31.6 < 10.1 >	+ 23.4	35.2 < 9.4 >	+ 11.4
FX swaps	111.9 < 44.7 >	- 10.2	168.3 < 53.9 >	+ 50.4	169.6 < 45.3 >	+ 0.8
Currency swaps	1.0 < 0.4 >	+ 7.2	2.2 < 0.7 >	+115.7	6.4 < 1.7 >	+185.7
Currency options	10.8 < 4.3 >	+ 42.7	8.7 < 2.8 >	- 18.7	6.4 < 1.7 >	- 26.6

Note: 1. Figures in parentheses represent percentages of the total.

**Table 3 Breakdown of Average Daily Turnover by Counterparty (April 2013)<sup>1</sup>**

percent

		Total
Total		100.0
	With financial institutions	83.1
	Inter-dealer transactions	74.7
	Institutional investors	7.3
	Hedge funds and PTFs	0.2
	Official sector FI	0.2
	Others	0.7
	With non-financial customers	16.9

Of which: Prime brokered	6.3
Of which: Retail-driven	10.6

Notes: 1. Figures represent percentage of the total.

**Table 4 Breakdown of Foreign Exchange Market Activity by Currency Pair<sup>1</sup>**

US\$ billions, percent

	April 2007		April 2010		April 2013	
		Percentage changes		Percentage changes		Percentage changes
US\$/Yen	146.4 < 58.5 >	+ 15.8	195.8 < 62.7 >	+ 33.7	211.4 < 56.5 >	+ 7.9
Euro/US\$	26.2 < 10.5 >	+ 11.2	28.7 < 9.2 >	+ 9.5	33.7 < 9.0 >	+ 17.4
Euro/Yen	15.9 < 6.3 >	+ 6.7	27.2 < 8.7 >	+ 71.3	35.9 < 9.6 >	+ 32.0
Others	61.7 < 24.7 >	+ 45.3	60.6 < 19.4 >	- 1.8	93.3 < 24.9 >	+ 54.0

Note: 1. Figures in parentheses represent percentage of the total.

**Table 5 Concentration of Foreign Exchange Market Activities**

Percent, percentage points

	April 2007		April 2010		April 2013	
		Percentage changes		Percentage changes		Percentage changes
Share held by top 10 institutions	78.7	+ 4.3	84.9	+ 6.2	80.6	- 4.3
Share held by top 20 institutions	92.0	+ 0.9	95.1	+ 3.1	94.3	- 0.8

**Table 6 Breakdown of Transactions by Execution Method (April 2013)<sup>1</sup>**

percent

	Total
Voice	44.3
Electronic	54.3
Direct	32.1
Single-bank proprietary trading system	19.0
Indirect	22.2
Reuters Matching / EBS	6.4
Multi-banking dealing systems	8.4
Others	1.5
Total	100.0

Notes: 1. Figures represent percentage of the total.

**B. Tables on OTC Derivatives Market Activity: Total of FRAs,  
Interest Rate swaps, and Interest Rate options**

**Table 7 Average Daily Turnover in the OTC Derivatives Market  
by Instrument in Japan<sup>1</sup>**

US\$ billions, percent

	April 2007		April 2010		April 2013	
		Changes		Changes		Changes
Single-currency interest rate transactions	76.4 < 100.0 >	+147.4	89.9 < 100.0 >	+ 17.8	67.1 < 100.0 >	- 25.3
FRAs	3.4 < 4.5 >	+867.2	2.0 < 2.2 >	- 42.7	2.7 < 4.0 >	+ 36.1
Interest rate swaps	49.1 < 64.3 >	+123.0	82.3 < 91.5 >	+ 67.7	55.9 < 83.2 >	- 32.1
Interest rate options	23.9 < 31.2 >	+180.6	5.7 < 6.3 >	- 76.3	8.6 < 12.8 >	+ 52.1

Note: 1. Figures in parentheses indicate shares in total derivatives transactions.

**Table 8 Breakdown of Single-Currency Interest Rate-related Derivatives by Currency<sup>1</sup>**

Percent, percentage points

	Yen	US dollar	Euro	Others
Single-currency interest rate transactions	90.2 (- 5.8)	7.3 (+ 4.5)	0.7 (- 0.1)	1.8 (+ 1.5)

Note: 1. Figures in parentheses represent percentage point differentials from the previous survey.



**Table 9 Breakdown of Average Daily Turnover by Counterparty (April 2013)**

US\$ billions, percent

	April 2007	April 2010	April 2013	
				Changes
With financial institutions	74.3	89.1	66.1	– 25.8
Local	7.6	12.9	22.7	+ 76.1
Cross-border	66.7	76.2	43.4	– 43.1
With non-financial customers	2.0	0.8	1.1	+ 30.0
Local	2.0	0.6	0.4	– 32.6
Cross-border	0.1	0.2	0.6	+ 232.9
Total	76.4	89.9	67.1	– 25.3
Local	9.6	13.5	23.1	+ 71.1
Cross-border	66.7	76.4	44.0	– 42.4

**Table 10 Concentration of Derivatives Market Activities**

Percent, percentage points

	April 2007		April 2010		April 2013	
		Changes		Changes		Changes
Share held by top 10 institutions	90.7	+ 7.6	92.1	+ 1.4	93.5	+ 1.4
Share held by top 20 institutions	98.2	+ 0.7	99.2	+ 1.0	99.7	+ 0.5

### **List of Participating Countries and Regions**

Argentina, Australia, Austria, Bahrain, Belgium, Brazil, Bulgaria, Canada, Chile, China, Chinese Taipei, Colombia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Portugal, Romania, Russia, Saudi Arabia, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States

Total of 53 countries and regions.

## Average Daily Turnover in Major Markets

## 1. Foreign Exchange Market Activities

US\$ billions

2007		2010		2013	
① United Kingdom	1,483 < 34.6% >	① United Kingdom	1,854 < 36.8% >	① United Kingdom	2,726 < 40.9% >
② United States	745 < 17.4% >	② United States	904 < 17.9% >	② United States	1,263 < 18.9% >
③ Switzerland	254 < 5.9% >	③ Japan	312 < 6.2% >	③ Singapore	383 < 5.7% >
④ Japan	250 < 5.8% >	④ Singapore	266 < 5.3% >	④ Japan	374 < 5.6% >
⑤ Singapore	242 < 5.6% >	⑤ Switzerland	249 < 4.9% >	⑤ Hong Kong	275 < 4.1% >
⑥ Hong Kong	181 < 4.2% >	⑥ Hong Kong	238 < 4.7% >	⑥ Switzerland	216 < 3.2% >
⑦ Australia	176 < 4.1% >	⑦ Australia	192 < 3.8% >	⑦ France	190 < 2.8% >
⑧ France	127 < 3.0% >	⑧ France	152 < 3.0% >	⑧ Australia	182 < 2.7% >
⑨ Germany	101 < 2.4% >	⑨ Denmark	120 < 2.4% >	⑨ Netherlands	112 < 1.7% >
⑩ Denmark	88 < 2.1% >	⑩ Germany	109 < 2.2% >	⑩ Germany	111 < 1.7% >
<b>Total</b>	<b>3,324</b>	<b>Total</b>	<b>3,971</b>	<b>Total</b>	<b>5,345</b>

Notes: 1. Figures in parentheses indicate shares in totals (Applies also to Table 2 below).

2. Each local figure is adjusted for local double-counting of transactions between reporting institutions. Double-counting of cross-border transactions between reporting institutions is also adjusted by the BIS. Thus, the simple aggregation of the results of each participating countries and regions will not equal the global total released by the BIS (Applies also to Table 2 below).

3. Figures for local and global total are subject to revisions (Applies also to Table 2 below).

## 2. OTC Derivatives Market Activities

US\$ billions

2007		2010		2013	
① United Kingdom	957 < 44.0% >	① United Kingdom	1,235 < 46.6% >	① United Kingdom	1,348 < 48.9% >
② United States	525 < 24.2% >	② United States	642 < 24.2% >	② United States	628 < 22.8% >
③ France	176 < 8.1% >	③ France	193 < 7.3% >	③ France	202 < 7.3% >
④ Germany	90 < 4.2% >	④ Japan	90 < 3.4% >	④ Germany	101 < 3.7% >
⑤ Japan	76 < 3.5% >	⑤ Switzerland	75 < 2.8% >	⑤ Japan	67 < 2.4% >
⑥ Switzerland	61 < 2.8% >	⑥ Netherlands	61 < 2.3% >	⑥ Australia	66 < 2.4% >
⑦ Singapore	57 < 2.6% >	⑦ Germany	48 < 1.8% >	⑦ Denmark	59 < 2.2% >
⑧ Italy	30 < 1.4% >	⑧ Canada	42 < 1.6% >	⑧ Singapore	37 < 1.3% >
⑨ Netherlands	27 < 1.2% >	⑨ Australia	41 < 1.5% >	⑨ Canada	34 < 1.2% >
⑩ Australia	23 < 1.0% >	⑩ Singapore	35 < 1.3% >	⑩ Switzerland	33 < 1.2% >
<b>Total</b>	<b>1,686</b>	<b>Total</b>	<b>2,054</b>	<b>Total</b>	<b>2,343</b>