

Central Bank Survey of Foreign Exchange and Derivatives Market Activity at end-June 2013: Amounts Outstanding, Japan

September 27, 2013

Bank of Japan

Financial Markets Department

The Bank of Japan is releasing today the results for the second part of the Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity in Japan, concerning the data on nominal or notional principal amounts outstanding at end-June 2013. This survey is a part of the Triennial Central Bank Survey, coordinated by the Bank for International Settlements (BIS).

Highlights of the survey results

1. Nominal or notional principal amounts outstanding: Overview

The nominal or notional principal amounts outstanding of the "over-the-counter" (OTC) derivatives transactions contracts by Japanese financial institutions at end-June 2013 were 50.0 trillion U.S. dollars, increasing by +27.2 percent from the previous survey at end-June 2010.

By risk factor, the amounts outstanding of interest rate contracts (IR contracts) accounted for 84.7 percent of the total contracts. In comparison with the previous survey, the amounts outstanding of IR contracts and foreign exchange contracts (FX contracts) increased by +27.5 percent and +35.9 percent, while those of equity derivatives and commodity derivatives decreased by -34.6 percent and -48.2 percent, respectively. The amounts outstanding of credit derivatives decreased by -4.9 percent.

By type of instrument, IR Swaps continued to hold the largest share of OTC contracts, accounting for 71.5 percent.

OTC derivatives outstanding for Japan at end-June 2013

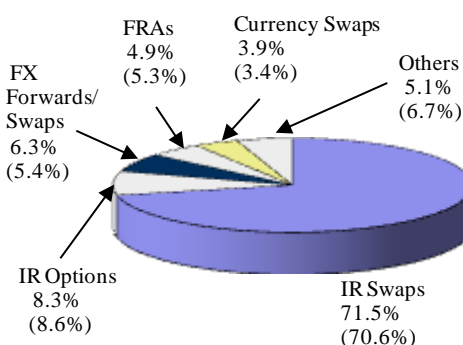
(Billions of USD, percent change)

	Amounts outstanding	changes
Total OTC Contracts (Including Gold)	49,982	+ 27.2
Of which: Foreign Exchange Contracts	6,454	+ 35.9
Interest Rate Contracts	42,327	+ 27.5
Equity Contracts	118	- 34.6
Commodity Contracts	20	- 48.2
Credit Derivatives	1,062	- 4.9
Other Derivatives	0	+ 1,088.0

Note: Sub-items may not add up to totals due to rounding, etc.

Figures for gold are included in the total.

OTC derivatives outstanding by type of instrument

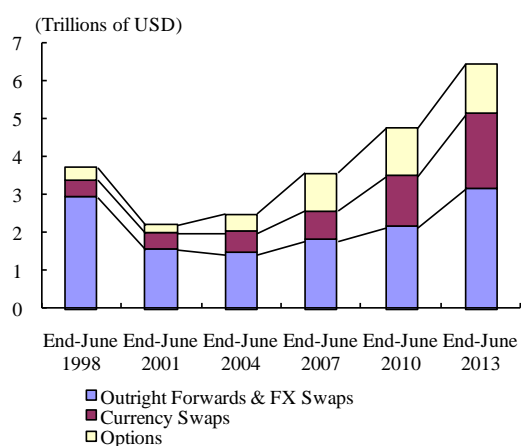


Note: Figures in parentheses represent the share of each instrument at previous period.

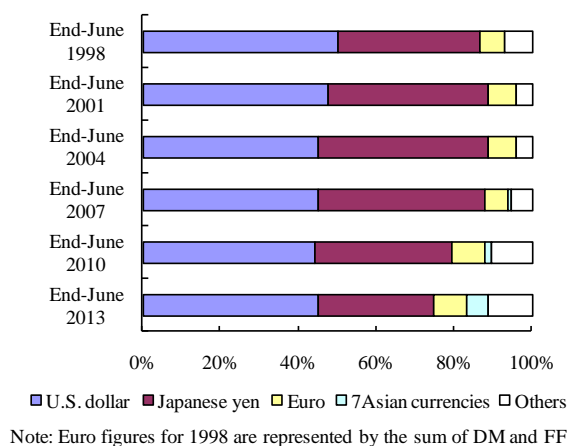
2. Foreign exchange contracts (FX contracts)

The nominal or notional principal amounts outstanding of FX contracts were 6.5 trillion U.S. dollars, increasing by +35.9 percent from the previous survey. By currency, the share of the Japanese yen was 29.8 percent, down from 34.8 percent, while that of the U.S. dollar was 45.2 percent, up from 44.5 percent. The share of currencies other than the U.S. dollar, the Japanese yen and the Euro was 16.6 percent, up from 12.0 percent. By counterparty, inter-dealer transactions, defined as transactions between major dealers reporting for the BIS regular derivatives market statistics, accounted for 69.2 percent of the total, up from 63.7 percent, while the transactions with other financial institutions accounted for 19.1 percent, down from 21.1 percent. By remaining maturity, the share of the contracts with remaining maturity of one year or less was 66.7 percent, up from 43.3 percent, while that of the contracts with remaining maturity of over one year and up to five years was 26.2 percent, down from 47.2 percent.

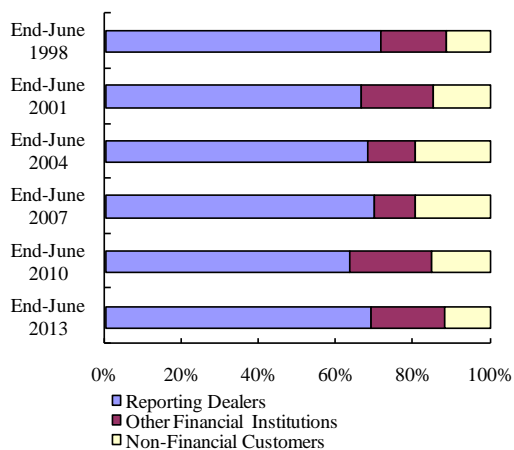
Nominal or notional principal amounts outstanding of FX contracts



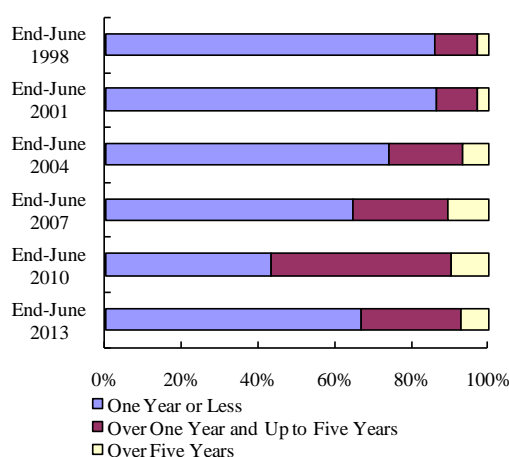
FX contracts by currency



FX contracts by counterparty



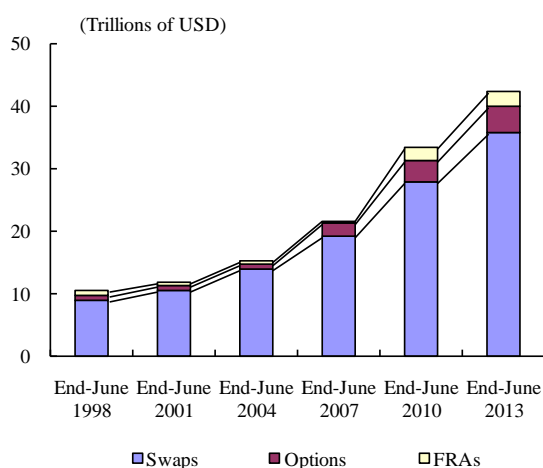
FX contracts by remaining maturity



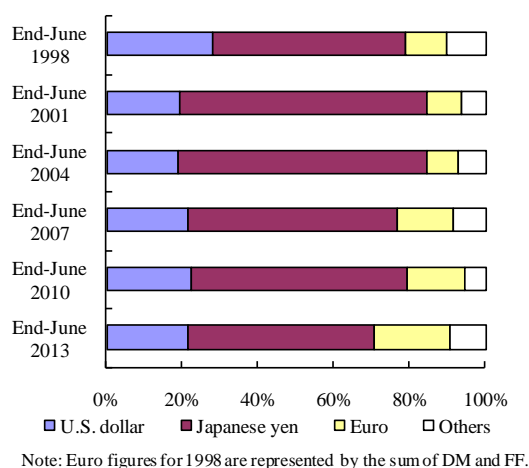
3. Interest rate contracts (IR contracts)

The nominal or notional principal amounts outstanding of IR contracts were 42.3 trillion U.S. dollars, increasing by +27.5 percent from the previous survey. By currency, the shares of the Japanese yen and the U.S. dollar were 49.1 percent and 21.5 percent, down from 57.0 percent and 22.2 percent, respectively. The share of the Euro was 19.9 percent, up from 15.3 percent. By counterparty, inter-dealer transactions accounted for 49.6 percent of the total, down from 79.9 percent. The transactions with other financial institutions accounted for 46.9 percent, up from 16.3 percent. By remaining maturity, the share of the contracts with remaining maturity of over one year and up to five years was 43.9 percent, down from 45.5 percent, while that of the contracts with remaining maturity of over five years was 25.8 percent, up from 21.7 percent.

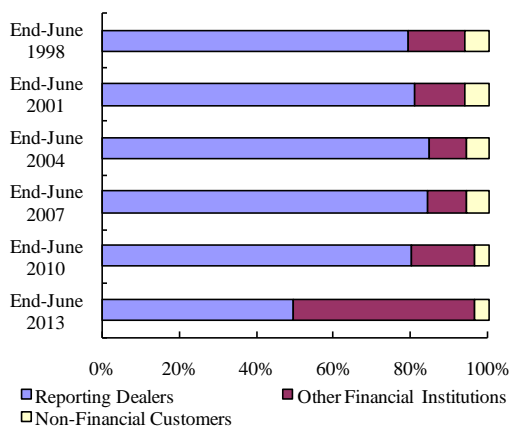
Nominal or notional principal amounts outstanding of IR contracts



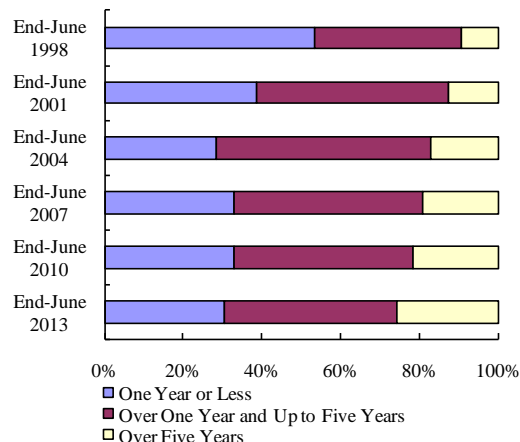
IR contracts by currency



IR contracts by counterparty



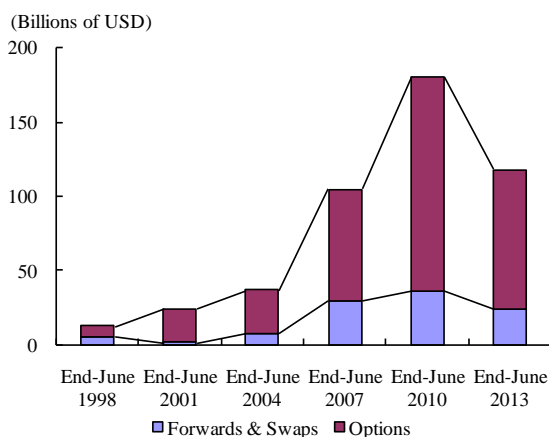
IR contracts by remaining maturity



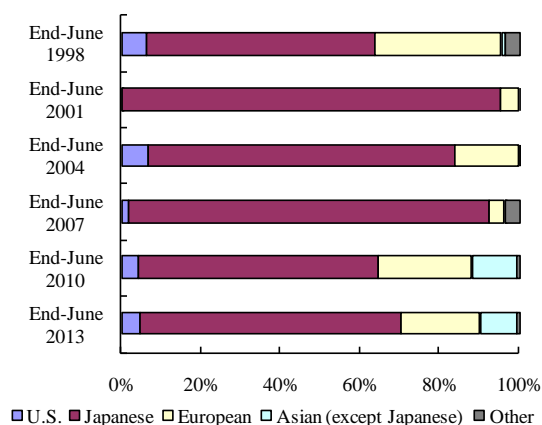
4. Equity contracts

The nominal or notional principal amounts outstanding of equity contracts were 118.1 billion U.S. dollars, decreasing by -34.6 percent from the previous survey. By related market of underlying equity, the share of Japanese market related contracts was 66.1 percent, up from 60.7 percent, while those of European and Asian markets related contracts were 19.8 percent and 9.0 percent, down from 23.5 percent and 11.0 percent, respectively. By counterparty, inter-dealer transactions accounted for 68.9 percent, up from 61.4 percent. The transactions with other financial institutions accounted for 23.0 percent, down from 31.9 percent. By remaining maturity, the share of contracts with remaining maturity of one year or less was 36.9 percent, down from 40.1 percent. That of contracts with remaining maturity of over five years was 23.2 percent, up from 16.2 percent.

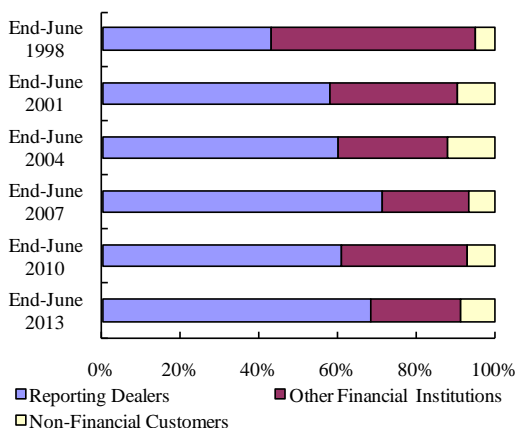
Nominal or notional principal amounts outstanding of equity contracts



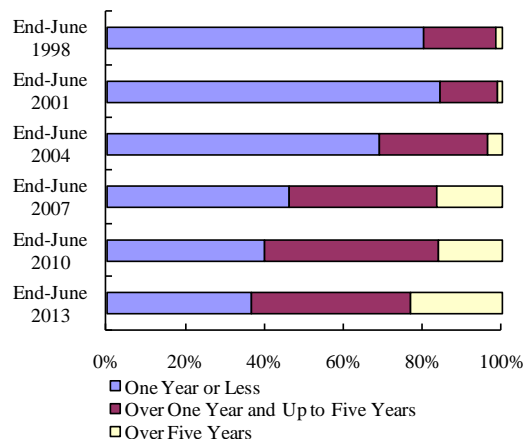
Equity contracts by related market



Equity contracts by counterparty



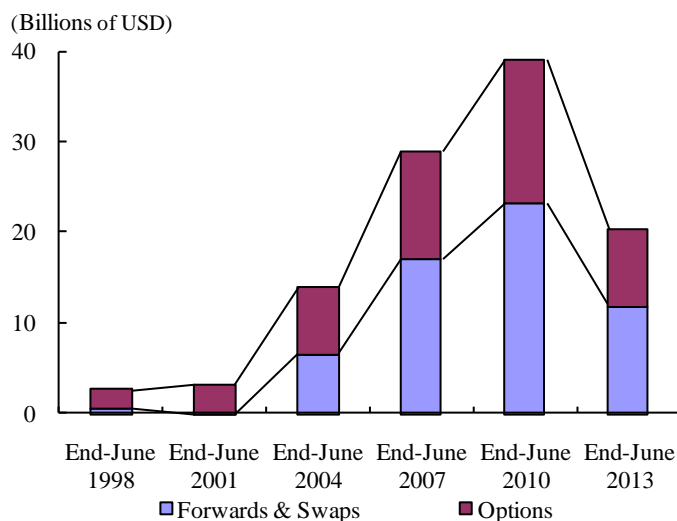
Equity contracts by remaining maturity



5. Commodity contracts

The nominal or notional principal amounts outstanding of commodity contracts were 20.2 billion U.S. dollars, decreasing by -48.2 percent from the previous survey.

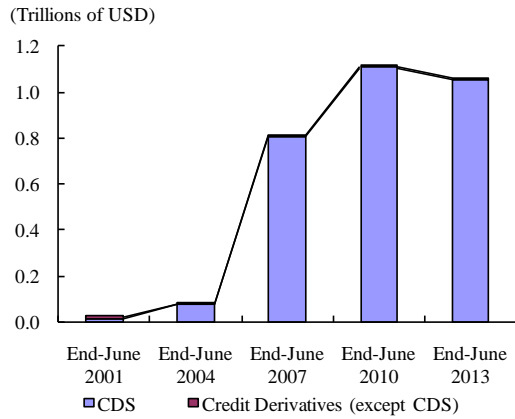
Nominal or notional principal amounts outstanding of commodity contracts



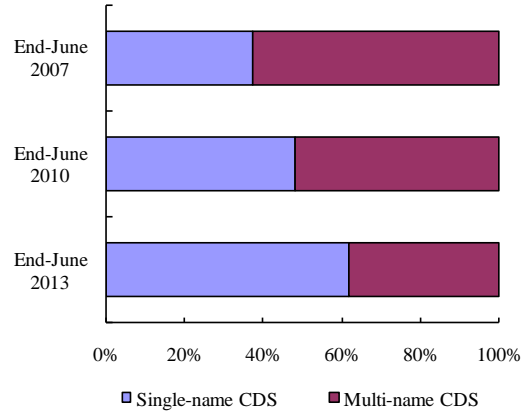
6. Credit derivatives

The nominal or notional principal amounts outstanding of credit derivatives were 1.1 trillion U.S. dollars, decreasing by -4.9 percent from the previous survey. As for the result of the detailed survey of CDS, by instrument type, multi-name CDS accounted for 38.1 percent of the total CDS, down from 51.7 percent. By counterparty, for both single-name CDS and multi-name CDS, inter-dealer transactions were dominant, accounting for 89.3 percent and 75.3 percent, respectively (in the previous survey, the market shares of them were 91.1 percent and 87.1 percent, respectively). Detailed breakdown of transactions with "other financial institutions" indicates that the transactions with "other," including central counterparties, were dominant, accounting for 77.1 percent for single-name CDS and 86.4 percent for multi-name CDS, respectively. By sector of the reference entity, for single-name CDS, the shares of financial firms and sovereigns were 46.3 percent and 34.4 percent, up from 43.7 and 25.2 percent, respectively, while those of non-financial firms were 19.2 percent, down from 31.1 percent. For multi-name CDS, the share of financial firms was 69.1 percent, up from 0.2 percent, while that of the portfolio or structured products was 24.7 percent, down from 99.1 percent.

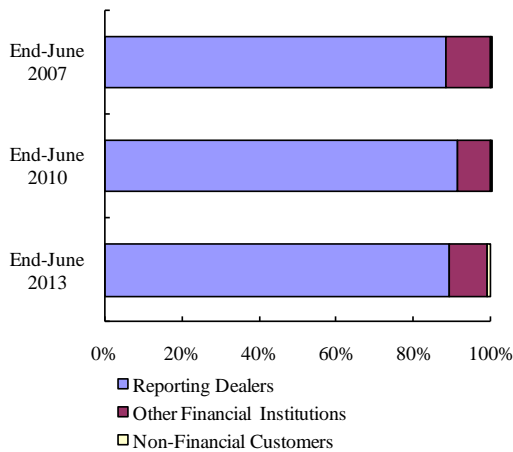
Nominal or notional principal amounts outstanding of credit derivatives



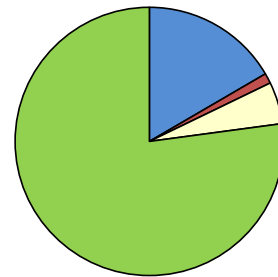
CDS by type of instrument



Single-name CDS by counterparty



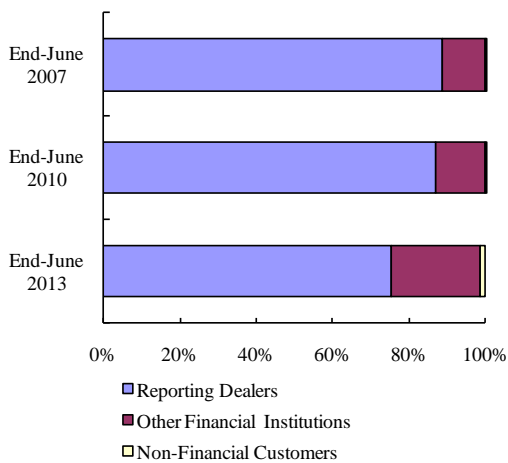
Detailed breakdown of other financial institutions as of end-June 2013



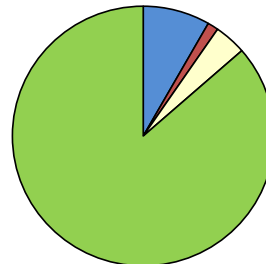
- Banks and securities firms
- Insurance firms etc
- SPVs, SPCs or SPEs
- Other (including central counterparties)

Note: "Insurance firms etc" includes pension funds, reinsurance and financial guaranty firms.

Multi-name CDS by counterparty



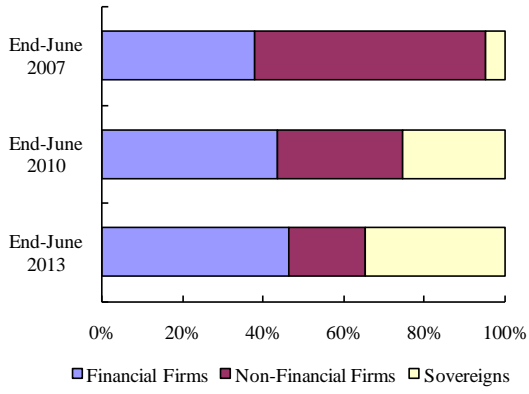
Detailed breakdown of other financial institutions as of end-June 2013



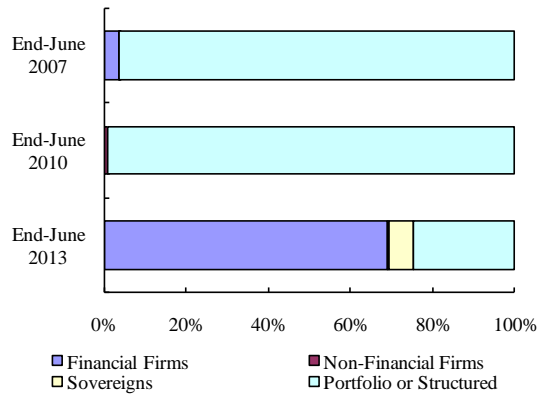
- Banks and securities firms
- Insurance firms etc
- SPVs, SPCs or SPEs
- Other (including central counterparties)

Note: "Insurance firms etc" includes pension funds, reinsurance and financial guaranty firms.

Single-name CDS by sector of the reference entity



Multi-name CDS by sector of the reference entity



(attachment)

Outline of the OTC Derivatives Survey¹

This survey is a part of the Triennial Central Bank Survey, coordinated by the BIS.² The first part of the survey covering the turnover in April 2013 was released on September 5, 2013.

The second part of the survey covers nominal or notional principal amounts outstanding on a consolidated basis³ at end-June 2013. The coverage, covering reporting financial institutions in 53 countries and regions, is more comprehensive than that for the semi-annual derivatives market statistics which covers major dealers in 13 reporting countries. In Japan, data from financial institutions with headquarters in Japan were collected from a total of 21 banks and 4 securities firms, including the 17 financial institutions (major dealers) participating in the Regular Derivatives Market Statistics.

The preliminary results of the second part of the survey and the global figures are scheduled to be released in November by the BIS, which coordinates and aggregates the global results of the survey (to be available on the BIS's website at <http://www.bis.org/>). The results of the Regular Derivatives Market Statistics at end-June 2013 for Japan were released by the Bank of Japan on September 12, 2013.

The second part of the Triennial Central Bank Survey and the Regular Derivatives Market Statistics cover the nominal or notional principal amounts outstanding and gross positive/negative market values of foreign exchange, interest rate, equity, commodity and credit derivatives. Breakdown by forwards, swaps and options are also provided, as well as by currency and counterparty.^{4,5} Breakdown by maturity is also available for FX contracts, IR contracts, and equity derivatives.

In the survey as of 2007, the breakdowns of CDS by type of instrument and sector of the reference entity, etc. were newly introduced.

¹ Data for previous survey results for Japan are available on the Bank of Japan's web site (<http://www.boj.or.jp/en/index.htm>).

² Derivatives have been included since the end-March 1995 survey.

³ Consolidated basis data cover branches, subsidiaries and affiliated companies both domestic and abroad.

⁴ Classification of transactions for this survey is as follows. FX and gold contracts include outright forwards and FX swaps, currency swaps and currency options. IR

contracts include FRAs, IR swaps and IR options. Equity, commodity and other derivatives each include forwards and swaps as well as options. Credit derivatives include credit event/default swaps, total return swaps, credit spread products, credit-linked notes and others.

⁵ Breakdown by currency is not available for equity derivatives, commodity derivatives, credit derivatives and other derivatives.