

Central Bank Survey of Foreign Exchange and Derivatives Market Activity at end-June 2016: Amounts Outstanding, Japan

September 28, 2016

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 notional amounts outstanding at end-June 2016. 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. Notional amounts outstanding: Overview

The notional amounts outstanding of the "over-the-counter" (OTC) derivatives transactions contracts by Japanese financial institutions at end-June 2016 were 59.3 trillion U.S. dollars, increasing by 18.6 percent from the previous survey at end-June 2013.¹

By risk factor, the amounts outstanding of interest rate contracts (IR contracts) accounted for 85.7 percent of the total contracts. In comparison with the previous survey, while the amounts outstanding of IR contracts, foreign exchange contracts (FX contracts), and equity contracts increased by 20.0 percent, 20.5 percent, and 78.7 percent, respectively, those of commodity derivatives decreased by 65.4 percent. The amounts outstanding of credit derivatives decreased by 51.9 percent.

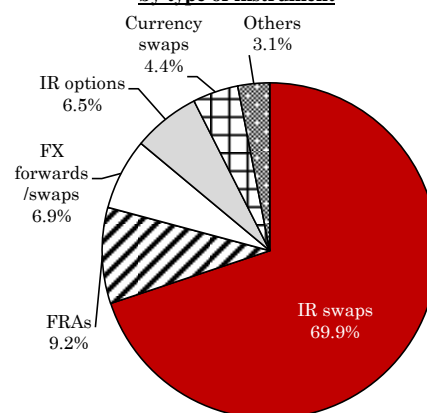
By type of instrument, IR swaps continued to hold the largest share of OTC contracts, accounting for 69.9 percent.

OTC derivatives outstanding for Japan at end-June 2016

(bil. U.S. dollars, percent change)

	Amounts outstanding	Changes
Total OTC contracts (including Gold)	59,289	+ 18.6
FX contracts	7,777	+ 20.5
IR contracts	50,783	+ 20.0
Equity contracts	211	+ 78.7
Commodity contracts	7	- 65.4
Credit derivatives	511	- 51.9
Other derivatives	1	+ 154.5

OTC derivatives outstanding by type of instrument

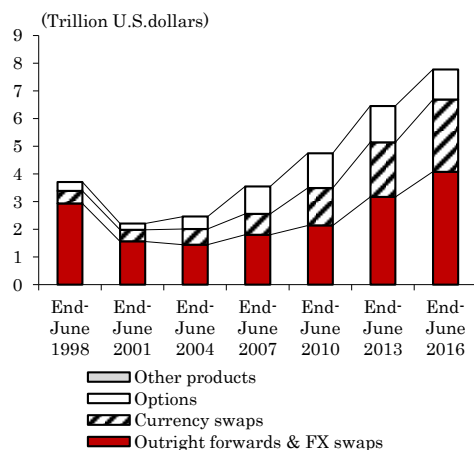


¹ As of end-June 2016 results, "Other products" is added as a sub-item of "FX contracts" and "IR contracts," while credit-linked notes and other products, which had been sub-items of "credit derivatives" until end-June 2013 survey, are no longer included. Regardless of the changes in the definition of OTC contracts, the calculation of percent changes from the previous survey does not take them into account due to their tiny effects.

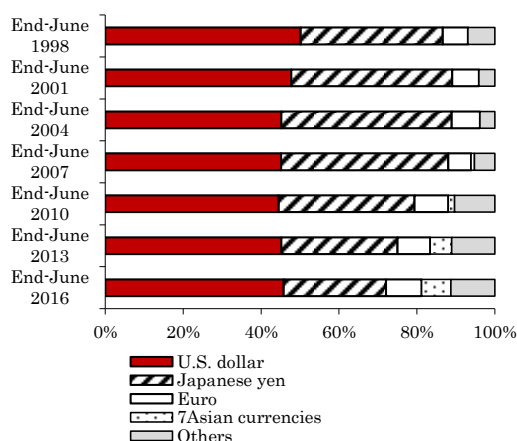
2. FX contracts

The notional amounts outstanding of FX contracts were 7.8 trillion U.S. dollars, increasing by 20.5 percent from the previous survey. By currency, while the share of the Japanese yen was 26.2 percent, down from 29.8 percent, that of currencies other than the U.S. dollar, the Japanese yen, and the euro was 18.8 percent, up from 16.6 percent. By counterparty,² inter-dealer transactions, defined as transactions between major dealers reporting for the BIS regular derivatives market statistics,³ continued to occupy the largest share at 70.0 percent of the total (69.2 percent in the previous survey). By remaining maturity, while the share of contracts with remaining maturity of one year or less was 69.4 percent, up from 66.7 percent, that of contracts with remaining maturity of over one year and up to five years was 22.3 percent, down from 26.2 percent.

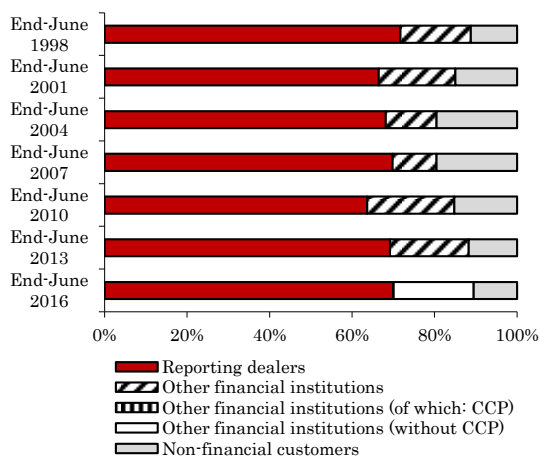
Notional amounts outstanding of FX contracts



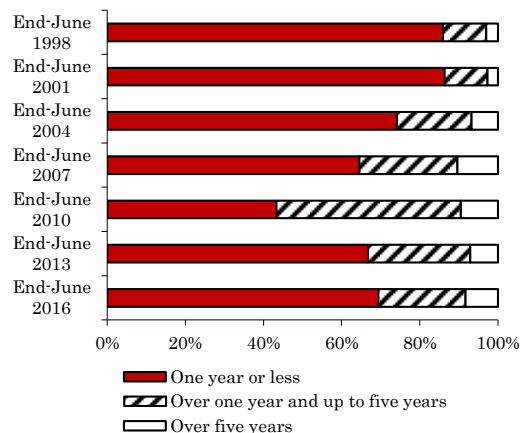
FX contracts by currency



FX contracts by counterparty



FX contracts by remaining maturity



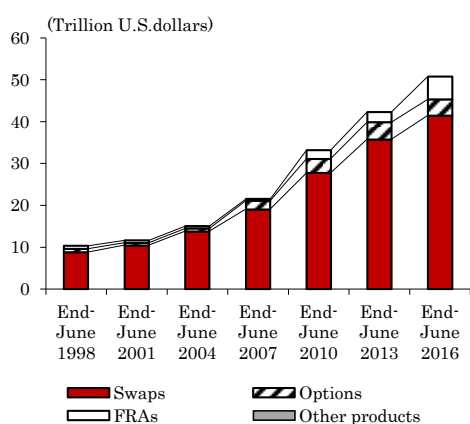
² As of end-June 2016 results, a new counterparty sector of "central counterparties (CCP)" was added as a sub-item of "other financial institutions."

³ Please refer to the attachment for the outline of OTC derivatives survey and BIS regular derivatives market statistics.

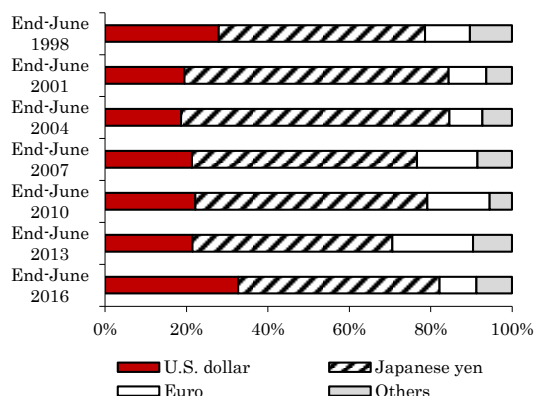
3. IR contracts

The notional amounts outstanding of IR contracts were 50.8 trillion U.S. dollars, increasing by 20.0 percent from the previous survey. By currency, while the share of the U.S. dollar was 32.7 percent, up from 21.5 percent, that of the euro was 9.1 percent, down from 19.9 percent. The share of the Japanese yen continued to account for the largest share of the total at 49.5 percent (49.1 percent in the previous survey). By counterparty, while inter-dealer transactions accounted for 16.7 percent of the total, down from 49.6 percent, transactions with other financial institutions (including central counterparties) accounted for 80.5 percent, up from 46.9 percent, due to central clearing of IR swaps. By remaining maturity, while the share of contracts with remaining maturity of over one year and up to five years was 39.5 percent, down from 43.9 percent, that of contracts with remaining maturity of over five years was 28.3 percent, up from 25.8 percent.

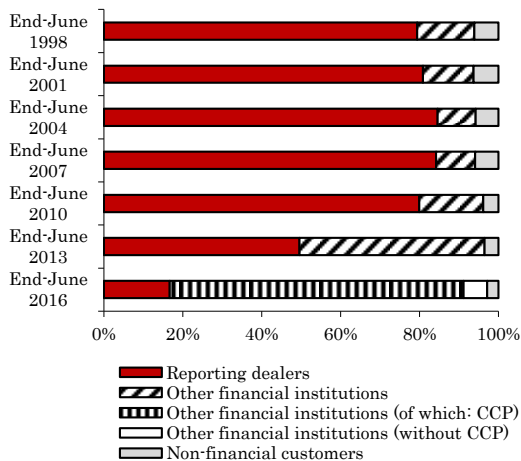
Notional amounts outstanding of IR contracts



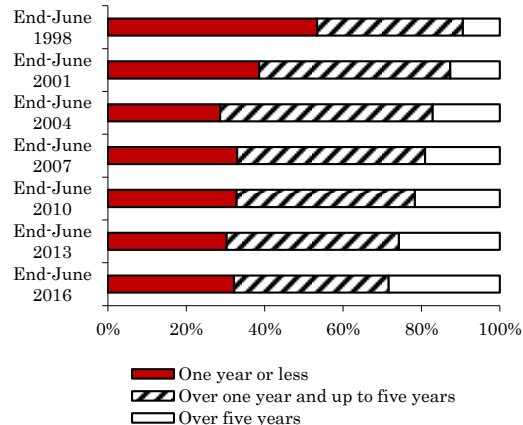
IR contracts by currency



IR contracts by counterparty



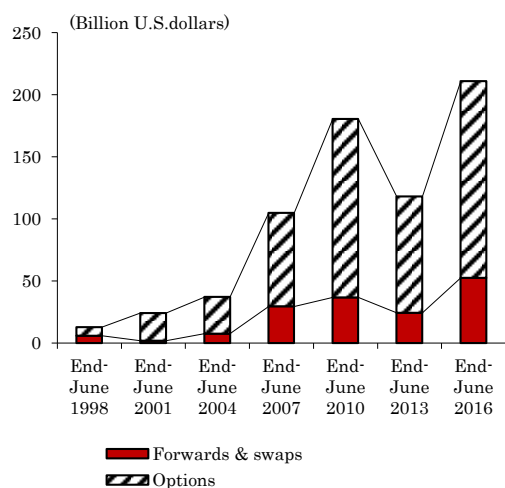
IR contracts by remaining maturity



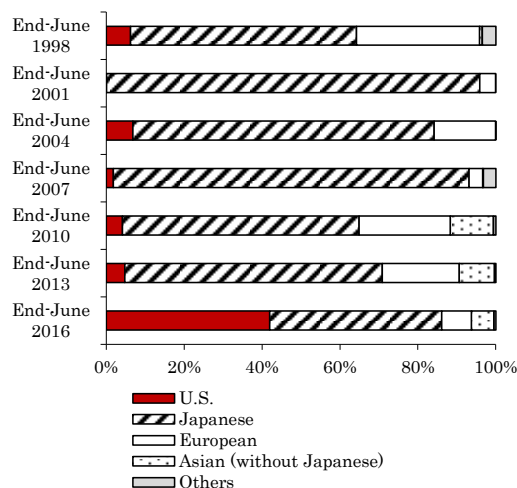
4. Equity contracts

The notional amounts outstanding of equity contracts were 211.0 billion U.S. dollars, increasing by 78.7 percent from the previous survey. By related market of underlying equity, while the share of U.S. market-related contracts was 42.0 percent, up from 4.7 percent, that of Japanese, European, and Asian markets related contracts was 44.2 percent, 7.7 percent and 5.8 percent, down from 66.1 percent, 19.8 percent, and 9.0 percent, respectively. By counterparty, while the share of transactions with other financial institutions was 31.3 percent, up from 23.0 percent, that of inter-dealer transactions accounted for 60.7 percent, down from 68.9 percent. By remaining maturity, while the share of contracts with remaining maturity of one year or less was 45.8 percent, up from 36.9 percent, that of contracts with remaining maturity of over five years was 5.9 percent, down from 23.2 percent.

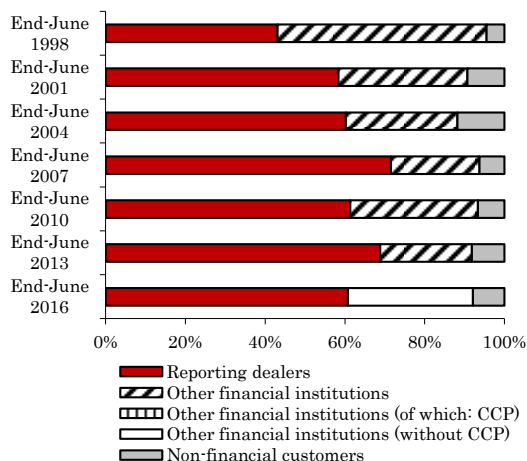
Notional amounts outstanding of equity contracts



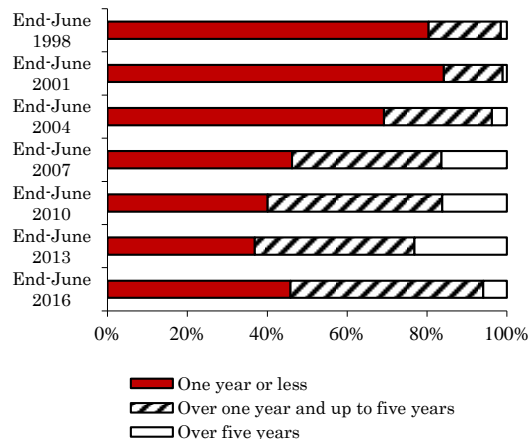
Equity contracts by related market



Equity contracts by counterparty



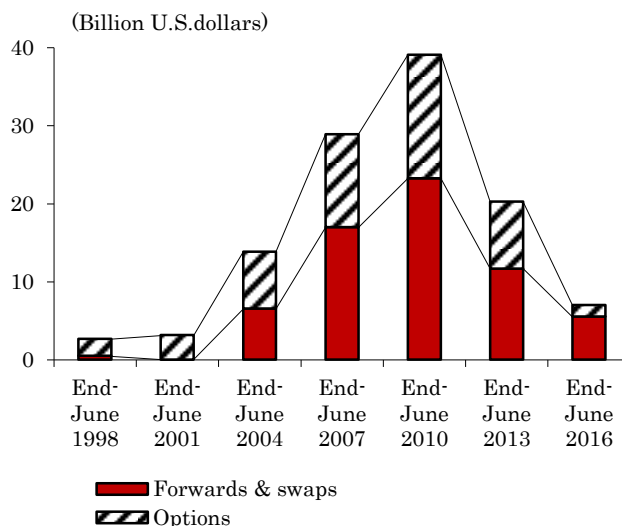
Equity contracts by remaining maturity



5. Commodity contracts

The notional amounts outstanding of commodity contracts were 7.0 billion U.S. dollars, decreasing by 65.4 percent from the previous survey.

Notional amounts outstanding of commodity contracts



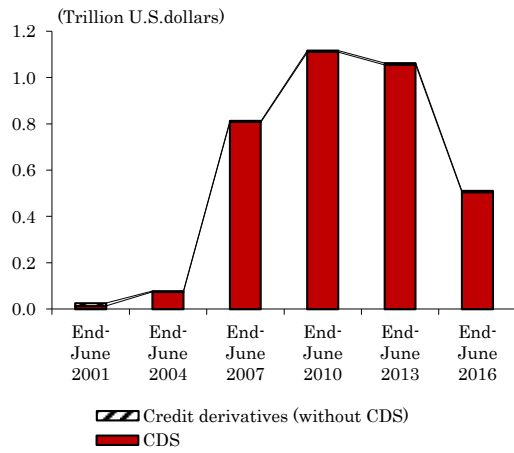
6. Credit derivatives

The notional amounts outstanding of credit derivatives were 0.5 trillion U.S. dollars, decreasing by 51.9 percent from the previous survey. As for the results of the detailed survey of CDS, by instrument type, multi-name CDS accounted for 27.9 percent of the total CDS, down from 38.1 percent.⁴ By counterparty, for both single-name CDS and multi-name CDS, inter-dealer transactions were dominant, accounting for 81.3 percent and 66.0 percent (89.3 percent and 75.3 percent in the previous survey), respectively. Detailed breakdown of transactions with "other financial institutions" indicates that the transactions with "others," including central counterparties, were dominant, accounting for 63.9 percent for single-name CDS and 84.4 percent for multi-name CDS, respectively. By sector of the reference entity, for single-name CDS, while the share of non-financial firms was 31.5 percent, up from 19.2 percent, that of financial firms was 32.9 percent, down from 46.3 percent. For multi-name CDS, while the share of financial firms was 56.3 percent, down from 69.1 percent, that of the portfolio or structured products was 37.7 percent, up from 24.7 percent.⁵

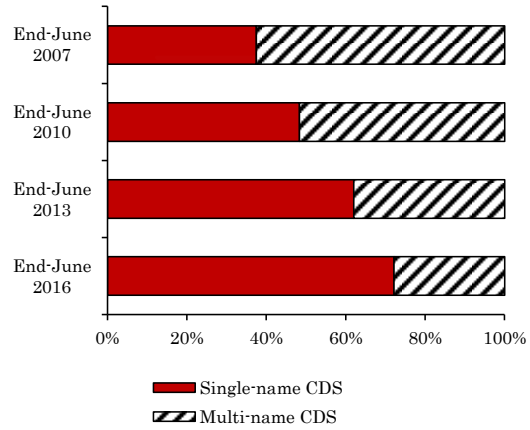
⁴ "Multi-name CDS" is a CDS contract referencing more than one name from portfolios, basket credit default swaps, or credit default swap indices, while "single-name CDS" is a CDS contract referencing a single named entity.

⁵ Of CDS contracts that compose multi-name CDS, CDS contracts whose reference entities cannot be classified by sector (CDS contracts on a securitized product such as MBS, and those on other than

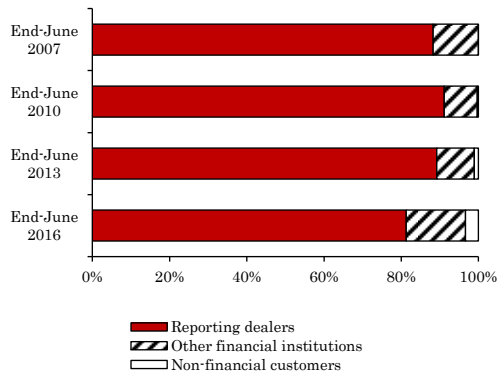
Notional amounts outstanding of credit derivatives



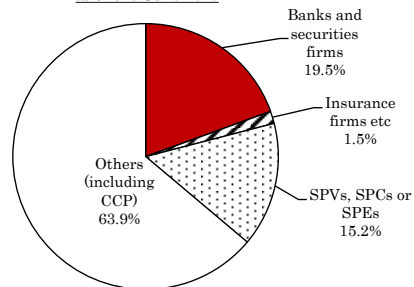
CDS by type of instrument



Single-name CDS by counterparty

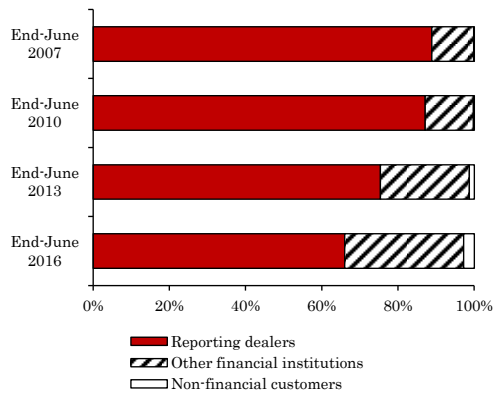


Detailed breakdown of other financial institutions as of end-June 2016

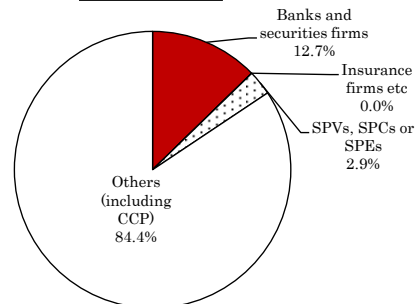


Note: "Insurance firms etc" includes pension funds, reinsurance and financial guaranty firms.

Multi-name CDS by counterparty



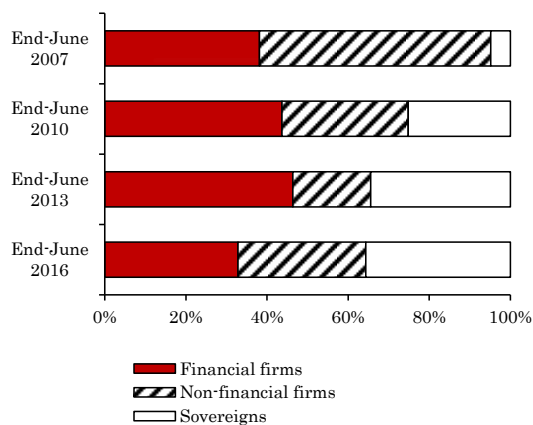
Detailed breakdown of other financial institutions as of end-June 2016



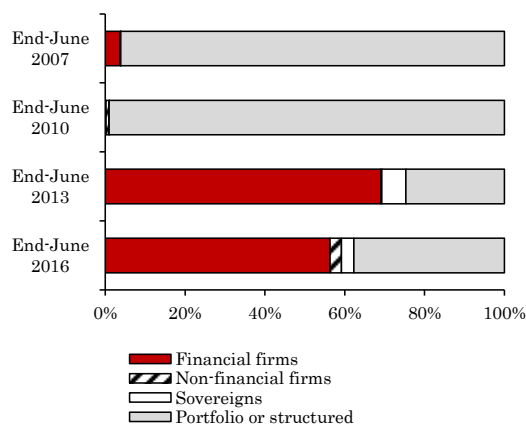
Note: "Insurance firms etc" includes pension funds, reinsurance and financial guaranty firms.

securitized products where the reference entities belong to different sectors).

Single-name CDS by sector of the reference entity



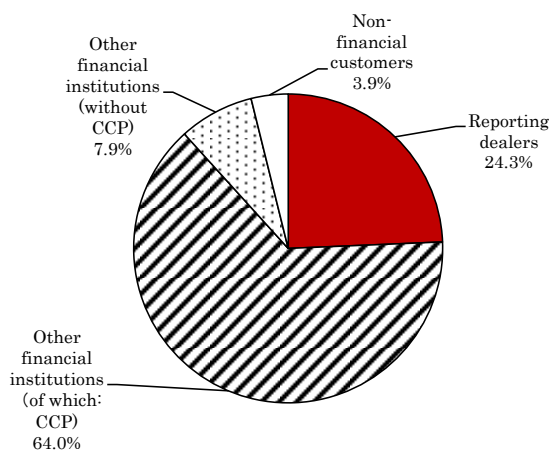
Multi-name CDS by sector of the reference entity



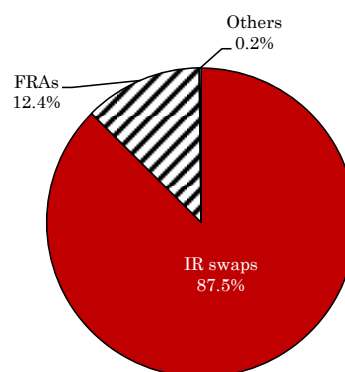
7. OTC derivatives contracts with central counterparties

The notional amounts outstanding of OTC derivatives contracts with "central counterparties" that is newly added to counterparty breakdown as a sub-item of "other financial institutions" at end-June 2016 results were 37.9 trillion U.S. dollars, accounting for 64.0 percent of OTC contracts. By instrument type, IR swaps occupied the largest share at 87.5 percent.

Notional amounts outstanding of OTC contracts



OTC contracts by instrument type



(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 2016 was released on September 1, 2016.

The second part of the survey covers notional amounts outstanding on a consolidated basis³ at end-June 2016. The coverage, covering reporting financial institutions in 52 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 17 banks and 4 securities firms, including the 16 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 2016 for Japan were released by the Bank of Japan on September 9, 2016.

The second part of the Triennial Central Bank Survey and the Regular Derivatives Market Statistics cover the notional amounts outstanding and gross positive/negative market values of foreign exchange, interest rate, equity, commodity, credit derivatives, and other 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, and in the survey as of 2016, a new counterparty sector of "central counterparties" as a sub-item of "other financial institutions" was added.

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, currency options, and other products. IR contracts include FRAs, IR swaps, IR options, and other products. Equity, commodity and other derivatives each include forwards and swaps as well as options. Credit derivatives include credit event/default swaps, total return swaps, and credit spread products. The Bank of Japan, in addition to the three items, releases "credit-linked notes" and "others" as memorandum items.

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