

PRESS RELEASE

**Central Bank Survey of Foreign Exchange and Derivatives Market Activity
in April 2016: Turnover Data, Japan**

I. Outline of Survey

In April 2016, the Bank of Japan conducted the triennial turnover survey for foreign exchange and over-the-counter (OTC) derivatives market activity in Japan. This survey comprises a part of the Triennial Central Bank Survey coordinated by the Bank for International Settlements (BIS).¹

The Bank of Japan obtained data from 38 financial institutions; consisting of twelve Japanese banks, 17 foreign banks, two Japanese securities houses, and seven foreign securities houses.²

In this survey, foreign exchange market activity is classified into five instrument types, while OTC interest rate derivatives market activity is classified into three instrument types.³ They are further broken down by currency, counterparties, and location of counterparties (local or cross-border).

The global results, aggregated from data collected from participating central banks and monetary authorities, are released by the BIS. The global results are available at the BIS website (<http://www.bis.org/publ/rpfx16.htm>).

¹ The BIS started conducting global surveys for foreign exchange market activity and derivatives market activity in 1989 and 1995, respectively.

² The survey in April 2016 was conducted by central banks and monetary authorities of 52 countries and regions with data from more than 1,200 reporting institutions in total. Participating countries and regions are listed in Annex 3.

³ Classification of market activities in this article is as follows. Foreign exchange market activities include spot transactions, outright forwards, foreign exchange swaps (FX swaps), currency swaps, and OTC options. OTC interest rate derivatives market activities include FRAs (forward rate agreements), interest rate swaps, and interest rate options. Until the April 2010 survey, currency swaps and OTC options were surveyed together with OTC interest rate derivatives.

II. Main Findings from the Japanese Turnover Data (Annex 1)⁴

A. Foreign Exchange Market Activity: Total of Spot, Outright Forwards, FX Swaps, Currency Swaps, and OTC Options

- Average daily turnover of the foreign exchange market in Japan during April 2016 was USD399.0 billion and increased by 6.6 percent from the previous survey (Table 1).
- By type of instrument, while spot turnover decreased by 29.8 percent, turnover of outright forwards and FX swaps grew by 77.9 percent and 21.3 percent, respectively (Table 1).
- By counterparty, turnover of transactions with financial institutions rose by 17.8 percent, while that with non-financial customers dropped by 48.6 percent. Meanwhile, turnover of prime brokered and retail-driven transactions decreased by 37.9 percent and 34.7 percent, respectively (Table 2).
- Inter-dealer transactions accounted for 75.9 percent of total turnover (Table 3).
- By currency, turnover of USD, JPY, and GBP increased by 10.1 percent, 11.9 percent and 19.5 percent, respectively, while that of EUR declined by 20.0 percent (Table 4).
- By currency pair, turnover of USD/JPY increased by 17.6 percent, while that of EUR/JPY decreased by 38.5 percent (Table 5).
- By execution method, the share of voice transactions increased by 4.2 percentage points, while that of electronic transactions decreased by 4.2 percentage points (Table 6).
- The share held by the top ten institutions decreased by 6.3 percentage points, while that by the top 20 institutions increased by 1.1 percentage points (Table 7).

B. OTC Interest Rate Derivatives Market Activity: Total of FRAs, Interest Rate Swaps, and Interest Rate Options

- Average daily turnover of the OTC interest rate derivatives contracts in Japan during April 2016 was USD55.9 billion and decreased by 16.7 percent from the previous survey (Table 8).
- By type of instrument, FRAs, interest rate swaps, and interest rate options decreased by 69.2 percent, 15.2 percent, and 10.2 percent, respectively (Table 8).
- By counterparty, turnover of transactions with financial institutions declined by 18.3 percent (Table 9).
- By currency, turnover of USD, JPY, and EUR decreased by 25.6 percent, 15.9 percent, and 43.3 percent, respectively (Table 10).

⁴ It should be noted that intertemporal comparisons are complicated by changes in coverage and definition and the movement of exchange rates over time.

- The share held by the top ten institutions decreased by 1.1 percentage points (Table 11).

III. Evaluation of Japanese Turnover Data with respect to Global Results of the BIS Triennial Central Bank Survey (Annex 2)

- Global foreign exchange turnover declined by 5.0 percent from the previous survey.⁵ Although Japan stepped down from the fourth largest national/regional market and became the fifth largest, its share in the global market increased from 5.6 percent to 6.1 percent.
- Global OTC interest rate derivatives contracts turnover increased by 15.4 percent from the previous survey. Japan stepped down from the fifth largest national/regional market and became the sixth largest; over this time, its share in the global market decreased from 2.5 percent to 1.8 percent.

Data for this publication is available at the Bank of Japan website (<http://www.boj.or.jp/en/statistics/bis/deri/deri1604.htm>).

⁵ The appreciation of the USD during the period between the previous survey and this survey seems to have contributed to the decline in the USD-based turnover.

A. Tables on Foreign Exchange Market Activities in Japan: Total of Spot, Outright Forwards, FX Swaps, Currency Swaps, and OTC Options¹

Table 1 Breakdown by Counterparty and Instrument (Average Daily Turnover)

In billions of USD, percent

	April 2010		April 2013		April 2016	
		Changes		Changes		Changes
With financial institutions	266.8 <100.0>	+ 24.0	311.1 <100.0>	+ 16.6	366.6 <100.0>	+ 17.8
Spot	81.0 <30.4>	- 5.6	116.3 <37.4>	+ 43.6	98.4 <26.8>	- 15.4
Outright forwards	18.4 <6.9>	+ 9.0	31.0 <10.0>	+ 67.9	54.8 <15.0>	+ 77.1
FX swaps	158.1 <59.3>	+ 54.2	152.2 <48.9>	- 3.7	197.6 <53.9>	+ 29.8
Currency swaps	2.1 <0.8>	+ 147.5	6.0 <1.9>	+ 185.8	5.6 <1.5>	- 8.0
OTC options	7.1 <2.7>	- 20.4	5.5 <1.8>	- 22.9	10.2 <2.8>	+ 85.2
With non-financial customers	45.5 <100.0>	+ 29.8	63.2 <100.0>	+ 38.7	32.5 <100.0>	- 48.6
Spot	20.5 <44.9>	+ 35.8	40.3 <63.8>	+ 97.1	11.6 <35.6>	- 71.3
Outright forwards	13.2 <28.9>	+ 51.4	4.2 <6.7>	- 67.8	7.8 <24.1>	+ 84.3
FX swaps	10.1 <22.3>	+ 8.8	17.3 <27.4>	+ 70.8	8.1 <25.0>	- 53.2
Currency swaps	0.1 <0.3>	- 33.3	0.3 <0.5>	+ 183.8	0.2 <0.8>	- 27.8
OTC options	1.6 <3.6>	- 10.4	0.9 <1.5>	- 42.6	4.7 <14.6>	+ 405.4
Total	312.3 <100.0>	+ 24.8	374.2 <100.0>	+ 19.8	399.0 <100.0>	+ 6.6
Spot	101.5 <32.5>	+ 0.5	156.6 <41.9>	+ 54.4	109.9 <27.5>	- 29.8
Outright forwards	31.6 <10.1>	+ 23.4	35.2 <9.4>	+ 11.4	62.7 <15.7>	+ 77.9
FX swaps	168.3 <53.9>	+ 50.4	169.6 <45.3>	+ 0.8	205.7 <51.6>	+ 21.3
Currency swaps	2.2 <0.7>	+ 115.7	6.4 <1.7>	+ 185.7	5.8 <1.5>	- 9.1
OTC options	8.7 <2.8>	- 18.7	6.4 <1.7>	- 26.6	14.9 <3.7>	+ 132.0

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

Table 2 Breakdown by Counterparty and Counterparty Location (Average Daily Turnover)¹

In billions of USD, percent

	April 2010		April 2013		April 2016	
		Changes		Changes		Changes
With financial institutions	266.8 < 85.4 >	+ 24.0	311.1 < 83.1 >	+ 16.6	366.6 < 91.9 >	+ 17.8
Local ²	51.1 < 16.4 >	+ 34.2	74.1 < 19.8 >	+ 44.8	116.4 < 29.2 >	+ 57.2
Cross-border ³	215.7 < 69.0 >	+ 21.8	237.0 < 63.3 >	+ 9.9	250.1 < 62.7 >	+ 5.5
With non-financial customers	45.5 < 14.6 >	+ 29.8	63.2 < 16.9 >	+ 38.7	32.5 < 8.1 >	- 48.6
Local	41.9 < 13.4 >	+ 26.8	62.8 < 16.8 >	+ 49.7	30.8 < 7.7 >	- 50.9
Cross-border	3.6 < 1.2 >	+ 77.1	0.4 < 0.1 >	- 89.0	1.6 < 0.4 >	+ 317.6
Total	312.3 < 100.0 >	+ 24.8	374.2 < 100.0 >	+ 19.8	399.0 < 100.0 >	+ 6.6
Local	93.1 < 29.8 >	+ 30.8	136.8 < 36.6 >	+ 47.0	147.2 < 36.9 >	+ 7.6
Cross-border	219.3 < 70.2 >	+ 22.5	237.4 < 63.4 >	+ 8.3	251.8 < 63.1 >	+ 6.1
Of which: Prime brokered			23.7		14.7	- 37.9
Of which: Retail-driven			39.8		26.0	- 34.7

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

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

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

Table 3 Breakdown of Share by Counterparty

Percent, percentage points

	April 2013	April 2016	
			Percentage changes
With financial institutions	83.1	91.9	+ 8.7
Inter-dealer transactions	74.7	75.9	+ 1.2
Institutional investors	7.3	9.0	+ 1.7
Hedge funds and Proprietary trading firms	0.2	0.7	+ 0.5
Official sector financial institutions	0.2	1.1	+ 0.9
Others	0.7	5.1	+ 4.5
With non-financial customers	16.9	8.1	- 8.7
Total	100.0	100.0	

Table 4 Breakdown by Currency (Average Daily Turnover)^{1,2}

In billions of USD, percent

	April 2010		April 2013		April 2016	
		Changes		Changes		Changes
USD	254.4 <40.7>	+ 20.9	297.3 <39.7>	+ 16.9	327.3 <41.0>	+ 10.1
JPY	248.9 <39.8>	+ 38.2	282.4 <37.7>	+ 13.5	316.0 <39.6>	+ 11.9
EUR	59.0 <9.4>	+ 28.5	73.3 <9.8>	+ 24.3	58.7 <7.4>	- 20.0
GBP	18.4 <2.9>	+ 9.2	23.1 <3.1>	+ 25.8	27.6 <3.5>	+ 19.5
Others	44.1 <7.1>	- 6.7	72.3 <9.7>	+ 63.9	68.5 <8.6>	- 5.3
Total	624.6 <100.0>	+ 24.8	748.4 <100.0>	+ 19.8	798.1 <100.0>	+ 6.6

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

2. As two currencies are involved in each transaction, the sum of transactions in individual currencies comes to twice the total reported turnover.

Table 5 Breakdown by Currency Pair (Average Daily Turnover)¹

In billions of USD, percent

	April 2010		April 2013		April 2016	
		Changes		Changes		Changes
USD/JPY	195.8 <62.7>	+ 33.7	211.4 <56.5>	+ 7.9	248.5 <62.3>	+ 17.6
EUR/USD	28.7 <9.2>	+ 9.5	33.7 <9.0>	+ 17.4	34.2 <8.6>	+ 1.5
EUR/JPY	27.2 <8.7>	+ 71.3	35.9 <9.6>	+ 32.0	22.1 <5.5>	- 38.5
Others	60.6 <19.4>	- 1.8	93.3 <24.9>	+ 54.0	94.3 <23.6>	+ 1.1
Total	312.3 <100.0>	+ 24.8	374.2 <100.0>	+ 19.8	399.0 <100.0>	+ 6.6

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

Table 6 Breakdown of Share by Execution Method

Percent, percentage points

	April 2013	April 2016	
			Percentage changes
Voice	44.3	48.5	+ 4.2
Electronic	54.3	50.0	- 4.2
Direct	32.1	32.8	+ 0.8
Single-bank proprietary trading system	19.0	24.8	+ 5.8
Indirect	22.2	17.2	- 5.0
Reuters Matching / EBS	6.4	7.6	+ 1.2
Unallocated	1.5	1.5	+ 0.0
Total	100.0	100.0	

Table 7 Degree of Turnover Concentration among Institutions

Percent, percentage points

	April 2010		April 2013		April 2016	
		Percentage changes		Percentage changes		Percentage changes
Share held by top 10 institutions	84.9	+ 6.2	80.6	- 4.3	74.3	- 6.3
Share held by top 20 institutions	95.1	+ 3.1	94.3	- 0.8	95.4	+ 1.1

B. Tables on OTC Interest Rate Derivatives Market Activities in Japan: Total of FRAs, Interest Rate Swaps, and Interest Rate Options

Table 8 Breakdown by Instrument (Average Daily Turnover)¹

In billions of USD, percent

	April 2010		April 2013		April 2016	
		Changes		Changes		Changes
FRAs	2.0 <2.2>	- 42.7	2.7 <4.0>	+ 36.1	0.8 <1.5>	- 69.2
Interest rate swaps	82.3 <91.5>	+ 67.7	55.9 <83.2>	- 32.1	47.4 <84.7>	- 15.2
Interest rate options	5.7 <6.3>	- 76.3	8.6 <12.8>	+ 52.1	7.7 <13.8>	- 10.2
Total	89.9 <100.0>	+ 17.8	67.1 <100.0>	- 25.3	55.9 <100.0>	- 16.7

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

Table 9 Breakdown by Counterparty and Counterparty Location (Average Daily Turnover)

In billions of USD, percent

	April 2010		April 2013		April 2016	
		Changes		Changes		Changes
With financial institutions	89.1	+ 19.9	66.1	- 25.8	54.0	- 18.3
Local ¹	12.9	+ 68.5	22.7	+ 76.1	20.4	- 9.9
Cross-border ²	76.2	+ 14.3	43.4	- 43.1	33.5	- 22.7
With non-financial customers	0.8	- 60.0	1.1	+ 30.0	1.9	+ 81.9
Local	0.6	- 68.5	0.4	- 32.6	0.4	- 14.8
Cross-border	0.2	+ 235.0	0.6	+ 232.9	1.6	+ 145.3
Total	89.9	+ 17.8	67.1	- 25.3	55.9	- 16.7
Local	13.5	+ 40.5	23.1	+ 71.1	20.8	- 10.0
Cross-border	76.4	+ 14.5	44.0	- 42.4	35.1	- 20.3

Notes: 1. "Local" denotes transactions between reporting financial institutions and residents.

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

Table 10 Breakdown by Currency (Average Daily Turnover)¹

In billions of USD, percent

	April 2010		April 2013		April 2016	
		Changes		Changes		Changes
USD	2.5 <2.8>	- 57.9	4.9 <7.3>	+ 93.2	3.6 <6.5>	- 25.6
JPY	86.4 <96.0>	+ 26.3	60.6 <90.2>	- 29.9	50.9 <91.1>	- 15.9
EUR	0.7 <0.8>	- 8.9	0.5 <0.7>	- 33.5	0.3 <0.5>	- 43.3
Others ²	0.3 <0.3>	- 73.9	1.2 <1.8>	+ 288.3	1.1 <2.0>	- 10.5
Total	89.9 <100.0>	+ 17.8	67.1 <100.0>	- 25.3	55.9 <100.0>	- 16.7

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

2. "Others" include transactions that cannot be broken down into a single currency.

Table 11 Degree of Turnover Concentration among Institutions

Percent, percentage points

	April 2010		April 2013		April 2016	
		Percentage changes		Percentage changes		Percentage changes
Share held by top 10 institutions	92.1	+ 1.4	93.5	+ 1.4	92.4	- 1.1
Share held by top 20 institutions	99.2	+ 1.0	99.7	+ 0.5	100.0	+ 0.3

Average Daily Turnover in Major Markets

1. Foreign Exchange Market Activities

In billions of USD

April 2010				April 2013				April 2016			
1	United Kingdom	1,854	< 36.8% >	1	United Kingdom	2,726	< 40.8% >	1	United Kingdom	2,426	< 37.1% >
2	United States	904	< 17.9% >	2	United States	1,263	< 18.9% >	2	United States	1,272	< 19.4% >
3	Japan	312	< 6.2% >	3	Singapore	383	< 5.7% >	3	Singapore	517	< 7.9% >
4	Singapore	266	< 5.3% >	4	Japan	374	< 5.6% >	4	Hong Kong SAR	437	< 6.7% >
5	Switzerland	249	< 4.9% >	5	Hong Kong SAR	275	< 4.1% >	5	Japan	399	< 6.1% >
6	Hong Kong SAR	238	< 4.7% >	6	Switzerland	216	< 3.2% >	6	France	181	< 2.8% >
7	Australia	192	< 3.8% >	7	France	190	< 2.8% >	7	Switzerland	156	< 2.4% >
8	France	152	< 3.0% >	8	Australia	182	< 2.7% >	8	Australia	135	< 2.1% >
9	Denmark	120	< 2.4% >	9	Denmark	117	< 1.8% >	9	Germany	116	< 1.8% >
10	Germany	109	< 2.2% >	10	Netherlands	112	< 1.7% >	10	Denmark	101	< 1.5% >
Global total		3,971	[+19.5%]	Global total		5,355	[+34.9%]	Global total		5,088	[-5.0%]

Notes: 1. Figures in < > represent percentage of the total and figures in [] indicate changes from the previous survey (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 Interest Rate Derivatives Market Activities

In billions of USD

April 2010				April 2013				April 2016			
1	United Kingdom	1,235	< 46.6% >	1	United Kingdom	1,348	< 49.9% >	1	United States	1,241	< 41.0% >
2	United States	642	< 24.2% >	2	United States	628	< 23.2% >	2	United Kingdom	1,180	< 39.0% >
3	France	193	< 7.3% >	3	France	146	< 5.4% >	3	France	141	< 4.7% >
4	Japan	90	< 3.4% >	4	Germany	101	< 3.8% >	4	Hong Kong SAR	110	< 3.6% >
5	Switzerland	75	< 2.8% >	5	Japan	67	< 2.5% >	5	Singapore	58	< 1.9% >
6	Netherlands	61	< 2.3% >	6	Australia	66	< 2.4% >	6	Japan	56	< 1.8% >
7	Germany	48	< 1.8% >	7	Denmark	59	< 2.2% >	7	Australia	49	< 1.6% >
8	Canada	42	< 1.6% >	8	Singapore	37	< 1.4% >	8	Canada	33	< 1.1% >
9	Australia	41	< 1.5% >	9	Canada	34	< 1.3% >	9	Germany	31	< 1.0% >
10	Singapore	35	< 1.3% >	10	Switzerland	33	< 1.2% >	10	Netherlands	22	< 0.7% >
Global total		2,054	[+21.8%]	Global total		2,311	[+12.5%]	Global total		2,666	[+15.4%]

List of Participating Countries and Regions (Total of 52 countries and regions)

Argentina, Australia, Austria, Bahrain, Belgium, Brazil, Bulgaria, Canada, Chile, China, Chinese Taipei, Colombia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong SAR, 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.

Note: 53 countries and regions participated in the previous survey (all countries and regions in this survey as well as Estonia).