

PRESS RELEASE

Central Bank Survey of Foreign Exchange and Derivatives Market Activity in April 2019: Turnover Data, Japan

I. Outline of Survey

In April 2019, 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 36 financial institutions; consisting of 12 Japanese banks, 15 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, counterparty, 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 (<https://www.bis.org/statistics/rpfx19.htm>).

¹ The BIS started conducting global surveys for foreign exchange market activity and derivatives market activity in 1986 and 1995, respectively.

² The survey in April 2019 was conducted by central banks and monetary authorities of 53 countries and regions with data from close to 1,300 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 activity includes spot transactions, outright forwards, foreign exchange swaps (FX swaps), currency swaps, and OTC options. OTC interest rate derivatives market activity includes forward rate agreements (FRAs), interest rate swaps (with decomposition into overnight index swaps [OISs] and other swaps from the April 2019 survey), and interest rate options. Until the April 2010 survey, currency swaps and OTC options were surveyed together with OTC interest rate derivatives.

II. Highlights from the Japanese Turnover Results (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 in April 2019 was USD 375.5 billion, decreasing by 5.9 percent from the previous survey (Table 1).
- By type of instrument, turnover of transactions such as spot and FX swaps decreased by 11.2 percent and 5.1 percent, respectively (Table 1).
- By counterparty, turnover of transactions with financial institutions and non-financial customers decreased by 3.6 percent and 31.3 percent, respectively. Meanwhile, that of prime-brokered and retail-driven transactions increased by 32.4 percent and 36.6 percent, respectively (Table 2).
- Inter-dealer transactions accounted for 71.8 percent of total turnover of transactions with financial institutions (Table 3).
- By currency, turnover of the EUR increased by 27.2 percent, while that of the USD, the JPY, and the GBP decreased by 12.7 percent, 7.5 percent, and 6.3 percent, respectively (Table 4).
- By currency pair, turnover of the EUR/JPY increased by 64.0 percent, while that of the USD/JPY decreased by 15.7 percent (Table 5).
- By execution method, the share of voice transactions increased by 4.7 percentage points, while that of electronic transactions decreased by 4.8 percentage points (Table 6).
- The shares held by top 10 and top 20 institutions decreased by 1.2 percentage points and 0.3 percentage point, respectively (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 in April 2019 was USD 74.7 billion, increasing by 33.6 percent from the previous survey (Table 8).
- By type of instrument, turnover of FRAs and interest rate options decreased by 7.7 percent and 40.7 percent, respectively, while that of interest rate swaps increased by 46.5 percent (Table 8).
- By counterparty, turnover of transactions with financial institutions increased by 33.5 percent (Table 9).
- By currency, turnover of the USD and the JPY increased by 94.2 percent and 28.7 percent, respectively (Table 10).
- The share held by top 10 institutions increased by 3.5 percentage points (Table 11).

⁴ Careful attention should be paid when conducting intertemporal comparisons given the changes in coverage and definition as well as exchange rate developments over time.

III. Evaluation of Japanese Turnover Results with respect to Global Results (Annex 2)

- Global foreign exchange turnover increased by 29.9 percent from the previous survey. Although Japan continued to be ranked as the fifth largest market in the world, its share in the global market decreased from 6.1 percent to 4.5 percent.
- Global OTC interest rate derivatives contracts turnover increased by 140.5 percent from the previous survey. Japan stepped down from being the seventh largest market to the eighth and its share in the global market decreased from 1.8 percent to 1.0 percent.

Data for this publication are available at the Bank of Japan website (<https://www.boj.or.jp/en/statistics/bis/deri/deri1904.htm>).

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

Table 1 Breakdown by Counterparty and Instrument¹

Daily averages in billions of USD, percentage

	April 2013		April 2016		April 2019	
		Changes		Changes		Changes
With financial institutions	311.1 <100.0>	+ 16.6	366.6 <100.0>	+ 17.8	353.2 <100.0>	- 3.6
Spot	116.3 <37.4>	+ 43.6	98.4 <26.8>	- 15.4	90.6 <25.6>	- 7.9
Outright forwards	31.0 <10.0>	+ 67.9	54.8 <15.0>	+ 77.1	56.9 <16.1>	+ 3.7
FX swaps	152.2 <48.9>	- 3.7	197.6 <53.9>	+ 29.8	189.5 <53.7>	- 4.1
Currency swaps	6.0 <1.9>	+ 185.8	5.6 <1.5>	- 8.0	5.9 <1.7>	+ 5.4
OTC options	5.5 <1.8>	- 22.9	10.2 <2.8>	+ 85.2	10.3 <2.9>	+ 1.9
With non-financial customers	63.2 <100.0>	+ 38.7	32.5 <100.0>	- 48.6	22.3 <100.0>	- 31.3
Spot	40.3 <63.8>	+ 97.1	11.6 <35.6>	- 71.3	7.0 <31.6>	- 39.0
Outright forwards	4.2 <6.7>	- 67.8	7.8 <24.1>	+ 84.3	4.3 <19.1>	- 45.5
FX swaps	17.3 <27.4>	+ 70.8	8.1 <25.0>	- 53.2	5.7 <25.7>	- 29.3
Currency swaps	0.3 <0.5>	+ 183.8	0.2 <0.8>	- 27.8	0.2 <0.9>	- 23.8
OTC options	0.9 <1.5>	- 42.6	4.7 <14.6>	+ 405.4	5.1 <22.7>	+ 7.0
Total	374.2 <100.0>	+ 19.8	399.0 <100.0>	+ 6.6	375.5 <100.0>	- 5.9
Spot	156.6 <41.9>	+ 54.4	109.9 <27.5>	- 29.8	97.6 <26.0>	- 11.2
Outright forwards	35.2 <9.4>	+ 11.4	62.7 <15.7>	+ 77.9	61.1 <16.3>	- 2.5
FX swaps	169.6 <45.3>	+ 0.8	205.7 <51.6>	+ 21.3	195.3 <52.0>	- 5.1
Currency swaps	6.4 <1.7>	+ 185.7	5.8 <1.5>	- 9.1	6.0 <1.6>	+ 4.1
OTC options	6.4 <1.7>	- 26.6	14.9 <3.7>	+ 132.0	15.4 <4.1>	+ 3.6

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

Table 2 Breakdown by Counterparty and Counterparty Location¹

Daily averages in billions of USD, percentage

	April 2013		April 2016		April 2019	
		Changes		Changes		Changes
With financial institutions	311.1 < 83.1 >	+ 16.6	366.6 < 91.9 >	+ 17.8	353.2 < 94.1 >	- 3.6
Local ²	74.1 < 19.8 >	+ 44.8	116.4 < 29.2 >	+ 57.2	117.0 < 31.2 >	+ 0.5
Cross-border ³	237.0 < 63.3 >	+ 9.9	250.1 < 62.7 >	+ 5.5	236.2 < 62.9 >	- 5.6
With non-financial customers	63.2 < 16.9 >	+ 38.7	32.5 < 8.1 >	- 48.6	22.3 < 5.9 >	- 31.3
Local	62.8 < 16.8 >	+ 49.7	30.8 < 7.7 >	- 50.9	20.8 < 5.5 >	- 32.4
Cross-border	0.4 < 0.1 >	- 89.0	1.6 < 0.4 >	+ 317.6	1.5 < 0.4 >	- 10.5
Total	374.2 < 100.0 >	+ 19.8	399.0 < 100.0 >	+ 6.6	375.5 < 100.0 >	- 5.9
Local	136.8 < 36.6 >	+ 47.0	147.2 < 36.9 >	+ 7.6	137.8 < 36.7 >	- 6.4
Cross-border	237.4 < 63.4 >	+ 8.3	251.8 < 63.1 >	+ 6.1	237.7 < 63.3 >	- 5.6
Of which: Prime brokered	23.7		14.7	- 37.9	19.5	+ 32.4
Of which: Retail-driven	39.8		26.0	- 34.7	35.5	+ 36.6

Notes: 1. Figures in parentheses represent percentages 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		April 2019	
			Changes		Changes
With financial institutions	83.1	91.9	+ 8.7	94.1	+ 2.2
Inter-dealer transactions	74.7	75.9	+ 1.2	71.8	- 4.1
Institutional investors	7.3	9.0	+ 1.7	12.0	+ 3.0
Hedge funds and proprietary trading firms	0.2	0.7	+ 0.5	1.4	+ 0.7
Official sector financial institutions	0.2	1.1	+ 0.9	0.2	- 0.9
Others	0.7	5.1	+ 4.5	8.7	+ 3.5
With non-financial customers	16.9	8.1	- 8.7	5.9	- 2.2
Total	100.0	100.0		100.0	

Table 4 Breakdown by Currency^{1,2}

Daily averages in billions of USD, percentage

	April 2013		April 2016		April 2019	
		Changes		Changes		Changes
USD	297.3 <39.7>	+ 16.9	327.3 <41.0>	+ 10.1	285.6 <38.0>	- 12.7
JPY	282.4 <37.7>	+ 13.5	316.0 <39.6>	+ 11.9	292.3 <38.9>	- 7.5
EUR	73.3 <9.8>	+ 24.3	58.7 <7.4>	- 20.0	74.6 <9.9>	+ 27.2
GBP	23.1 <3.1>	+ 25.8	27.6 <3.5>	+ 19.5	25.9 <3.4>	- 6.3
Others	72.3 <9.7>	+ 63.9	68.5 <8.6>	- 5.3	72.6 <9.7>	+ 6.0
Total	748.4 <100.0>	+ 19.8	798.1 <100.0>	+ 6.6	751.0 <100.0>	- 5.9

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

2. As two currencies are involved in each transaction, the sum of shares in individual currencies will total 200%.

Table 5 Breakdown by Currency Pair¹

Daily averages in billions of USD, percentage

	April 2013		April 2016		April 2019	
		Changes		Changes		Changes
USD/JPY	211.4 <56.5>	+ 7.9	248.5 <62.3>	+ 17.6	209.6 <55.8>	- 15.7
EUR/USD	33.7 <9.0>	+ 17.4	34.2 <8.6>	+ 1.5	34.7 <9.2>	+ 1.5
EUR/JPY	35.9 <9.6>	+ 32.0	22.1 <5.5>	- 38.5	36.2 <9.6>	+ 64.0
Others	93.3 <24.9>	+ 54.0	94.3 <23.6>	+ 1.1	95.0 <25.3>	+ 0.8
Total	374.2 <100.0>	+ 19.8	399.0 <100.0>	+ 6.6	375.5 <100.0>	- 5.9

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

Table 6 Breakdown of Share by Execution Method

Percent, percentage points

	April 2013	April 2016		April 2019	
			Changes		Changes
Voice	44.3	48.5	+ 4.2	53.2	+ 4.7
Electronic	54.3	50.0	- 4.2	45.3	- 4.8
Direct	32.1	32.8	+ 0.8	28.9	- 3.9
Single-bank proprietary trading system	19.0	24.8	+ 5.8	21.7	- 3.1
Indirect	22.2	17.2	- 5.0	16.3	- 0.9
Unallocated	1.5	1.5	+ 0.0	1.6	+ 0.1
Total	100.0	100.0		100.0	

Table 7 Degree of Turnover Concentration among Institutions

Percent, percentage points

	April 2013		April 2016		April 2019	
		Changes		Changes		Changes
Share held by top 10 institutions	80.6	- 4.3	74.3	- 6.3	73.1	- 1.2
Share held by top 20 institutions	94.3	- 0.8	95.4	+ 1.1	95.1	- 0.3

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 Instrument¹

Daily averages in billions of USD, percentage

	April 2013		April 2016		April 2019	
		Changes		Changes		Changes
FRAs	2.7 <4.0>	+ 36.1	0.8 <1.5>	- 69.2	0.8 <1.0>	- 7.7
Interest rate swaps	55.9 <83.2>	- 32.1	47.4 <84.7>	- 15.2	69.4 <92.9>	+ 46.5
OISs					7.0 <9.4>	
Other swaps					62.4 <83.5>	
Interest rate options	8.6 <12.8>	+ 52.1	7.7 <13.8>	- 10.2	4.6 <6.1>	- 40.7
Total	67.1 <100.0>	- 25.3	55.9 <100.0>	- 16.7	74.7 <100.0>	+ 33.6

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

Table 9 Breakdown by Counterparty and Counterparty Location

Daily averages in billions of USD, percentage

	April 2013		April 2016		April 2019	
		Changes		Changes		Changes
With financial institutions	66.1	- 25.8	54.0	- 18.3	72.1	+ 33.5
Local ¹	22.7	+ 76.1	20.4	- 9.9	16.0	- 21.5
Cross-border ²	43.4	- 43.1	33.5	- 22.7	56.0	+ 67.0
With non-financial customers	1.1	+ 30.0	1.9	+ 81.9	2.6	+ 37.4
Local	0.4	- 32.6	0.4	- 14.8	2.3	+ 556.0
Cross-border	0.6	+ 232.9	1.6	+ 145.3	0.3	- 80.8
Total	67.1	- 25.3	55.9	- 16.7	74.7	+ 33.6
Local	23.1	+ 71.1	20.8	- 10.0	18.4	- 11.6
Cross-border	44.0	- 42.4	35.1	- 20.3	56.3	+ 60.5

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

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

Table 10 Breakdown by Currency¹

Daily averages in billions of USD, percentage

	April 2013		April 2016		April 2019	
		Changes		Changes		Changes
USD	4.9 <7.3>	+ 93.2	3.6 <6.5>	- 25.6	7.1 <9.4>	+ 94.2
JPY	60.6 <90.2>	- 29.9	50.9 <91.1>	- 15.9	65.5 <87.7>	+ 28.7
EUR	0.5 <0.7>	- 33.5	0.3 <0.5>	- 43.3	0.2 <0.3>	- 16.3
Others ²	1.2 <1.8>	+ 288.3	1.1 <2.0>	- 10.5	1.9 <2.6>	+ 76.6
Total	67.1 <100.0>	- 25.3	55.9 <100.0>	- 16.7	74.7 <100.0>	+ 33.6

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

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

Table 11 Degree of Turnover Concentration among Institutions

Percent, percentage points

	April 2013		April 2016		April 2019	
		Changes		Changes		Changes
Share held by top 10 institutions	93.5	+ 1.4	92.4	- 1.1	95.8	+ 3.5
Share held by top 20 institutions	99.7	+ 0.5	100.0	+ 0.3	100.0	- 0.0

Turnover in Major Markets

1. Foreign Exchange Market Activities

Daily averages in billions of USD

April 2013			April 2016			April 2019		
1 United Kingdom	2,726 <	40.8% >	1 United Kingdom	2,406 <	36.9% >	1 United Kingdom	3,576 <	43.2% >
2 United States	1,263 <	18.9% >	2 United States	1,272 <	19.5% >	2 United States	1,370 <	16.5% >
3 Singapore	383 <	5.7% >	3 Singapore	517 <	7.9% >	3 Singapore	640 <	7.7% >
4 Japan	374 <	5.6% >	4 Hong Kong SAR	437 <	6.7% >	4 Hong Kong SAR	632 <	7.6% >
5 Hong Kong SAR	275 <	4.1% >	5 Japan	399 <	6.1% >	5 Japan	376 <	4.5% >
6 Switzerland	216 <	3.2% >	6 France	181 <	2.8% >	6 Switzerland	264 <	3.2% >
7 France	190 <	2.8% >	7 Switzerland	156 <	2.4% >	7 France	167 <	2.0% >
8 Australia	182 <	2.7% >	8 Australia	121 <	1.9% >	8 China	136 <	1.6% >
9 Denmark	117 <	1.8% >	9 Germany	116 <	1.8% >	9 Germany	124 <	1.5% >
10 Netherlands	112 <	1.7% >	10 Denmark	101 <	1.5% >	10 Australia	119 <	1.4% >
Global total	5,357 [	+34.8%]	Global total	5,066 [	-5.4%]	Global total	6,581 [	+29.9%]

Notes: 1. Figures in < > represent percentages 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, a simple aggregation of the results for each participating country and region 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

Daily averages in billions of USD

April 2013			April 2016			April 2019		
1 United Kingdom	1,348 <	49.9% >	1 United States	1,241 <	40.8% >	1 United Kingdom	3,670 <	50.6% >
2 United States	628 <	23.2% >	2 United Kingdom	1,180 <	38.8% >	2 United States	2,356 <	32.5% >
3 France	146 <	5.4% >	3 France	141 <	4.6% >	3 Hong Kong SAR	436 <	6.0% >
4 Germany	101 <	3.8% >	4 Hong Kong SAR	110 <	3.6% >	4 Canada	123 <	1.7% >
5 Japan	67 <	2.5% >	5 Singapore	58 <	1.9% >	5 France	120 <	1.7% >
6 Australia	66 <	2.4% >	6 Australia	56 <	1.9% >	6 Singapore	116 <	1.6% >
7 Denmark	59 <	2.2% >	7 Japan	56 <	1.8% >	7 Australia	97 <	1.3% >
8 Singapore	37 <	1.4% >	8 Canada	33 <	1.1% >	8 Japan	75 <	1.0% >
9 Canada	34 <	1.3% >	9 Germany	31 <	1.0% >	9 Germany	56 <	0.8% >
10 Switzerland	33 <	1.2% >	10 Netherlands	22 <	0.7% >	10 Netherlands	28 <	0.4% >
Global total	2,311 [	+12.5%]	Global total	2,677 [	+15.9%]	Global total	6,439 [	+140.5%]

List of Participating Countries and Regions (Total of 53 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 Arab Emirates, United Kingdom, United States.

Note: The United Arab Emirates newly participated in the latest survey (52 countries and regions participated in the previous survey).