BIS 2022 Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets

November 15, 2022
BIS Triennial Central Bank Survey

• The BIS Triennial Central Bank Survey is the most comprehensive source of information on the size and structure of global over-the-counter (OTC) markets in foreign exchange (FX) and interest rate derivatives.
• The Survey aims to increase the transparency of OTC markets, helping central banks and market participants monitor global financial markets, and to inform discussions on reforms to OTC markets.
• BIS survey has been published triennially since 1986, it is a single month snapshot done every April; 2022 included 52 jurisdictions across 1,200 banks.
• Turnover data are reported by the sales desks of reporting dealers, regardless of where a trade is executed, and on an unconsolidated basis, including trades between related entities that are part of the same group i.e. back to back trades.
• The data is subject to revision.
• A separate survey on outstanding amounts as of June 2022 will be published in November 2022.
Headline OTC Market Turnover

• FX Turnover reaches record level of US$ 7.5 trillion per day
  - Growth in FX over past 3 years: 4.5% per annum
  - Slightly slower than long term trend growth (5.6%pa 2007-2022)

• Interest rate derivatives turnover falls to US$ 5.2 trillion per day
  - Decline equal to -10.5% per annum
  - Driven by US dollar marketplace transition from LIBOR to risk free rates reducing FRA volumes

Data Source: BIS Triennial Central Bank Survey of Foreign Exchange and Over-the-counter (OTC) Derivatives Markets.
FX Turnover by Instrument Type

- Spot market $2.1tn/day in 2022;
  - CAGR up by 2.1% since 2019;
  - Up 0.3% since 2013

- FX Swaps $3.8tn/day in 2022;
  - CAGR up by 6.0% since 2019;
  - Up 6.1% since 2013

- FX Forwards $1.1tn/day in 2022;
  - CAGR up by 5.3% since 2019;
  - Up 6.2% since 2013

- FX Options $0.3tn/day in 2022;
  - CAGR up by 0.7% since 2019;
  - Down 1.1% since 2013
Top Ten Currency Pairs

- USD is a component of 88.5% of FX trading
  - vs 87% in 2013 and 88.3% in 2019
- EUR/USD remains the largest currency pair
  - 22.7% overall market share
  - vs 24.1% in 2013 and 24.0% in 2019
- USD/CNY now 4th largest currency pair
  - 6.6% overall market share
  - vs 2.1% in 2013 and 4.1% in 2019
  - Overtakes USD/CAD and AUD/USD
- Largest overall declines since 2019*
  - USD/RUB: -41.3% CAGR
  - USD/TRY: -27.6% CAGR
  (*of 39 currency pairs published)

Data Source: BIS Triennial Central Bank Survey of Foreign Exchange and Over-the-counter (OTC) Derivatives Markets.
FX Turnover by Counterparty by Global and US reporting

- Growth in FX turnover focused on growth of trading between reporting dealers
  - Reporting dealers 11.2% CAGR
  - Other Financial: 0.3% CAGR
  - Non-Financial: -3.3% CAGR
- In US, reporting dealers have 60% market share
  - 72.6% in FX swaps
  - 52.5% in Spot
- Activity by non-financial customers falling globally, but more quickly in US
  - -7.2% CAGR in US across all instruments

Data Source: BIS Triennial Central Bank Survey of Foreign Exchange and Over-the-counter (OTC) Derivatives Markets.
Total BIS Spot change in client mix from 2019 to 2022: Bank trading up 25%; non-bank down 14%
FX Turnover by Location

<table>
<thead>
<tr>
<th>Growth Rate CAGR</th>
<th>2022 vs 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>2%</td>
</tr>
<tr>
<td>United States</td>
<td>12%</td>
</tr>
<tr>
<td>Singapore</td>
<td>13%</td>
</tr>
<tr>
<td>Hong Kong SAR</td>
<td>3%</td>
</tr>
<tr>
<td>Japan</td>
<td>5%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>10%</td>
</tr>
<tr>
<td>France</td>
<td>9%</td>
</tr>
<tr>
<td>Germany</td>
<td>14%</td>
</tr>
<tr>
<td>Canada</td>
<td>16%</td>
</tr>
<tr>
<td>China</td>
<td>4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

Turnover by Location
Neither futures trading nor swaps trading are suitable for all investors, and each involves the risk of loss. Swaps trading should only be undertaken by investors who are Eligible Contract Participants (ECPs) within the meaning of Section 1a(18) of the Commodity Exchange Act. Futures and swaps each are leveraged investments and, because only a percentage of a contract’s value is required to trade, it is possible to lose more than the amount of money deposited for either a futures or swaps position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles and only a portion of those funds should be devoted to any one trade because traders cannot expect to profit on every trade.

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