

# SwapsInfo Third Quarter of 2020 and Year-to- September 30, 2020 Review: Summary

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The ISDA SwapsInfo Quarterly Review provides analysis of interest rate derivatives (IRD) and credit derivatives trading activity. The report provides a breakdown of cleared and non-cleared activity, swap execution facility (SEF) and off-SEF traded notional, product taxonomy and currency information.

IRD and credit derivatives traded notional and trade count data is taken from the ISDA SwapsInfo website ([swapsinfo.org](http://swapsinfo.org)), using information from the Depository Trust & Clearing Corporation and Bloomberg swap data repositories (SDRs). This report covers only trades required to be disclosed under US regulations.

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## KEY HIGHLIGHTS FOR THE THIRD QUARTER OF 2020 AND YEAR-TO-SEPTEMBER 30, 2020

Trading volumes for IRD and credit derivatives both decreased during the third quarter of 2020 compared to the third quarter of 2019. For IRD, the decrease was particularly noticeable in overnight index swaps (OIS). For credit derivatives, there was less trading activity across all major indices.

### Interest Rate Derivatives

IRD traded notional fell by 33.9% and trade count decreased by 11.5% in the third quarter of 2020 versus the same period in 2019. Fixed-for-floating interest rate swaps (IRS), forward rate agreements (FRAs) and OIS traded notional decreased by 25.8%, 22.5% and 56.1%, respectively, compared to the third quarter of 2019.

In the nine months to September 30, 2020, IRD traded notional fell by 8.4%, while trade count increased by 8.5% compared to the first nine months of 2019.

### In the third quarter of 2020:

- IRD traded notional decreased to \$45.5 trillion from \$68.8 trillion in the third quarter of 2019. Trade count fell to 359.1 thousand from 406.0 thousand over the same period. Single currency fixed-for-floating IRS traded notional decreased to \$13.8 trillion from \$18.6 trillion. FRA traded notional dropped to \$17.6 trillion from \$22.7 trillion, and OIS traded notional dropped to \$8.6 trillion from \$19.6 trillion in the third quarter of 2019.
- Single currency fixed-for-floating IRS accounted for 62.2% of total IRD trades but only 30.4% of IRD traded notional in the third quarter of 2020. FRAs and OIS represented 38.7% and 18.9% of total traded notional and 16.9% and 6.1% of trade count, respectively.
- Cleared IRD transactions represented 89.9% of total traded notional and 83.6% of trade count. 95.6% of fixed-for-floating IRS, 99.5% of FRA, 97.6% of OIS and 32.5% of other IRD traded notional was cleared in the third quarter of 2020.

- SEF-traded IRD represented 64.4% of total traded notional and 63.4% of trade count. 62.4% of fixed-for-floating IRS, 88.6% of FRA, 34.6% of OIS and 38.6% of other IRD traded notional was executed on SEFs in the third quarter of 2020.
- IRD contracts denominated in US dollars contributed 58.2% of total traded notional and 48.9% of trade count. Euro-denominated transactions accounted for 14.7% of total traded notional and 14.6% of trade count. Sterling-denominated transactions comprised 14.6% and 10.6% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS, FRAs and OIS contracts denominated in US dollars decreased by 32.4%, 29.8% and 78.2%, respectively, compared to the third quarter of 2019. Euro-denominated IRS and OIS decreased by 34.5% and 57.6%, respectively, while euro-denominated FRAs increased by 15.3%. Sterling-denominated IRS traded notional decreased by 10.6%, while sterling-denominated FRA and OIS traded notional increased by 67.1% and 55.2%, respectively.

**Year-to-September 30, 2020:**

- IRD traded notional decreased to \$189.4 trillion in the nine months to September 30, 2020 from \$206.8 trillion in the first nine months of 2019. Trade count grew to 1.3 million from 1.2 million over the same period. Single currency fixed-for-floating IRS traded notional decreased to \$49.1 trillion from \$57.4 trillion. FRA traded notional fell to \$71.4 trillion from \$73.4 trillion, and OIS traded notional declined to \$48.6 trillion from \$52.0 trillion.
- Single currency fixed-for-floating IRS accounted for 61.3% of total IRD trades but represented only 25.9% of IRD traded notional. FRAs and OIS represented 37.7% and 25.7% of total traded notional and 17.9% and 6.9% of trade count, respectively.
- Cleared IRD transactions represented 90.8% of total traded notional and 84.4% of trade count. 95.4% of fixed-for-floating IRS, 99.3% of FRA, 97.3% of OIS and 34.4% of other IRD traded notional was cleared in the nine months to September 30, 2020.

- SEF-traded IRD represented 59.7% of total traded notional and 63.5% of trade count. 61.2% of fixed-for-floating IRS, 85.3% of FRA, 29.3% of OIS and 38.8% of other IRD traded notional was executed on SEFs in the nine months to September 30, 2020.
- IRD contracts denominated in US dollars accounted for 60.5% of total traded notional and 51.2% of trade count. Euro-denominated transactions accounted for 13.5% of total traded notional and 14.3% of trade count. Sterling-denominated transactions made up 13.4% and 9.9% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS, FRAs and OIS contracts denominated in US dollars decreased by 22.6%, 7.9% and 29.6%, respectively, compared to the first nine months of 2019. Euro-denominated IRS and OIS decreased by 19.5% and 8.4%, respectively, while euro-denominated FRAs increased by 16.0%. Sterling-denominated IRS, FRA and OIS traded notional increased by 8.8%, 54.6% and 144.0%, respectively.

## Credit Derivatives

Credit derivatives traded notional and trade count decreased by 22.7% and 13.3%, respectively, in the third quarter of 2020 compared to the same period of 2019<sup>1</sup>. There was less trading activity across all major indices, including CDX HY, CDX IG and iTraxx Europe.

In the nine months to September 30, 2020, credit derivatives traded notional and trade count increased by 18.5% and 21.1%, respectively, compared to the first nine months of 2019.

### In the third quarter of 2020:

- Credit derivatives traded notional decreased to \$1.8 trillion in the third quarter of 2020 from \$2.4 trillion in the third quarter of 2019. Trade count fell to 53.4 thousand from 61.6 thousand over the same period. CDX HY traded notional decreased by 12.1% to \$340.2 billion from \$387.0 billion in the third quarter of 2019. CDX IG traded notional decreased by 23.1% to \$694.5 billion from \$902.9 billion in the third quarter of 2019. iTraxx Europe traded notional declined by 28.3% to \$322.0 billion from \$449.0 billion in the third quarter of 2019.
- CDX HY and CDX IG represented 18.7% and 38.2% of total traded notional and 29.1% and 25.9% of trade count, respectively. iTraxx Europe accounted for 17.7% of total credit derivatives traded notional and 12.3% of trade count.
- Cleared credit derivatives transactions represented 82.2% of total traded notional and 81.6% of trade count. 97.9% of CDX HY, 98.9% of CDX IG, 82.6% of iTraxx Europe and 45.0% of other credit derivatives traded notional was cleared in the third quarter of 2020.
- SEF-traded credit derivatives represented 78.9% of total traded notional and 78.9% of trade count. 97.2% of CDX HY, 97.4% of CDX IG, 81.7% of iTraxx Europe and 35.7% of other credit derivatives traded notional was executed on SEFs in the third quarter of 2020.
- Credit derivatives contracts denominated in US dollars represented 70.5% of total traded notional and 71.2% of trade count. Euro-denominated transactions accounted for 29.2% and 28.3% of total traded notional and trade count, respectively.

<sup>1</sup> Credit derivatives mostly comprise CDS indices, but also include CDS index tranches, credit swaptions, exotic products, total return swaps and insignificant amount of single-name CDS

**Year-to-September 30, 2020:**

- Credit derivatives traded notional increased to \$8.0 trillion in the nine months to September 30, 2020 from \$6.7 trillion in the first nine months of 2019. Trade count grew to 222.4 thousand from 183.7 thousand over the same period. CDX HY traded notional increased by 25.3% to \$1.4 trillion from \$1.1 trillion in the first nine months of 2019, while CDX IG traded notional increased by 28.0% to \$3.2 trillion from \$2.5 trillion over the same period. iTraxx Europe traded notional rose by 16.3% to \$1.4 trillion from \$1.2 trillion in the nine months to September 30, 2019.
  - CDX HY and CDX IG represented 17.4% and 40.6% of total traded notional and 28.9% and 27.4% of trade count, respectively. iTraxx Europe accounted for 17.4% of total credit derivatives traded notional and 12.2% of trade count.
  - Cleared credit derivatives transactions represented 82.8% of total traded notional and 82.3% of trade count. 96.8% of CDX HY, 97.3% of CDX IG, 89.9% of iTraxx Europe and 43.8% of other credit derivatives traded notional was cleared in the nine months to September 30, 2020.
  - SEF-traded credit derivatives represented 79.3% of total traded notional and 79.4% of trade count. 95.7% of CDX HY, 96.0% of CDX IG, 87.6% of iTraxx Europe and 34.2% of other credit derivatives traded notional was executed on SEFs in the nine months to September 30, 2020.
  - Credit derivatives contracts denominated in US dollars represented 72.0% of total traded notional and 72.5% of trade count. Euro-denominated transactions accounted for 27.8% and 27.0% of total traded notional and trade count, respectively.
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ISDA has published other recent research papers:

- ***ISDA-Clarus RFR Adoption Indicator: September 2020, October 2020***  
<https://www.isda.org/a/furTE/ISDA-Clarus-RFR-Adoption-Indicator-2020-09.pdf>
- ***Interest Rate Benchmarks Review: First Half of 2020 and Second Quarter of 2020, July 2020***  
<https://www.isda.org/a/Xy9TE/Interest-Rate-Benchmarks-Review-1H-2020-and-Q2-2020.pdf>
- ***SwapsInfo First Half of 2020 and Second Quarter of 2020 Review, July 2020***  
<https://www.isda.org/a/tlmTE/SwapsInfo-1H-and-Q2-of-2020-Review-Full-Report.pdf>

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## ABOUT ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has more than 925 member institutions from 75 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition

to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: [www.isda.org](http://www.isda.org). Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).