

# SwapsInfo First Half of 2019 and Second Quarter of 2019 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.

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 those trades required to be disclosed under US regulations.

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## KEY HIGHLIGHTS FOR THE FIRST HALF OF 2019 AND SECOND QUARTER OF 2019

### Interest Rate Derivatives

IRD traded notional and trade count continued to increase in the first half of 2019. IRD traded notional and trade count rose by 9.8% and 6.7%, respectively, compared with the first half of 2018. Single currency fixed-for-floating interest rate swaps (IRS) traded notional increased by 2.4%, while forward rate agreements (FRAs) and overnight index swaps (OIS) traded notional grew by 19.3% and 16.0%, respectively, in the first half of 2019 compared with the first half of 2018.

In the first half of 2019:

- IRD traded notional increased to \$138.0 trillion from \$125.7 trillion in the first half of 2018. Trade count grew to 747,083 from 700,224. Single currency fixed-for-floating IRS traded notional increased to \$38.8 trillion from \$37.9 trillion. FRA traded notional rose to \$50.7 trillion from \$42.5 trillion, and OIS traded notional increased to \$32.5 trillion in the first half of 2019 from \$28.0 trillion in the first half of 2018.
- Single currency fixed-for-floating IRS accounted for 62.9% of total IRD trades but represented only 28.1% of IRD traded notional. FRAs and OIS represented 36.7% and 23.5% of traded notional and 17.0% and 5.7% of total trade count, respectively.
- Cleared IRD transactions represented 88.9% of total traded notional, compared with 88.1% in the first half of 2018. About 96% of fixed-for-floating IRS, 100% of FRA, 95% of OIS, and 25% of other IRD traded notional was cleared in the first half of 2019.
- SEF-traded swaps represented 58.8% of total traded notional, compared with 56.3% in the first half of 2018. About 59% of fixed-for-floating IRS, 82% of FRA, 32% of OIS and 37% of other IRD traded notional was executed on SEFs in the first half of 2019.
- IRD contracts denominated in US dollars contributed 66.6% of traded notional and 53.7% of trade count. Euro-denominated transactions accounted for 12.5% of traded notional and 14.4% of trade count.

In the second quarter of 2019:

- IRD traded notional rose by 15.2% to \$68.1 trillion from \$59.1 trillion in the second quarter of 2018. Trade count grew by 10.3% over the same period to 369,579 from 335,111. Single currency fixed-for-floating IRS traded notional increased to \$18.6 trillion from \$18.3 trillion. FRA traded notional rose to \$23.7 trillion from \$18.5 trillion, and OIS traded notional increased to \$18.1 trillion from \$13.8 trillion in the second quarter of 2018.
- Single currency fixed-for-floating IRS accounted for 63.5% of total IRD trades but represented only 27.3% of IRD traded notional. FRAs and OIS represented 34.7% and 26.6% of traded notional and 16.5% and 5.8% of total trade count, respectively.
- Cleared IRD transactions represented 88.9% of total traded notional and 83.4% of trade count. About 96% of fixed-for-floating IRS, 99% of FRA, 96% of OIS and 24% of other IRD traded notional was cleared.
- SEF-traded transactions represented 57.5% of total traded notional and 61.4% of trade count. About 59% of fixed-for-floating IRS, 81% of FRA, 35% of OIS and 36% of other IRD traded notional was executed on SEFs.
- IRD contracts denominated in US dollars contributed 68.1% of traded notional and 55.1% of trade count. Euro-denominated transactions accounted for 11.6% of traded notional and 13.8% of trade count.
- Fixed-for-floating IRS, FRA and OIS contracts denominated in US dollars increased by 5.0%, 28.7% and 28.4% to \$9.7 trillion, \$19.9 trillion and \$10.6 trillion, respectively, compared with the second quarter of 2018. Euro-denominated FRAs and OIS increased by 32.9% and 16.9%, respectively, while euro-denominated IRS declined by 16.6% to \$2.8 trillion.

## Credit Derivatives

Credit derivatives traded notional and trade count decreased by 11.7% and 5.1%, respectively, in the first half of 2019 compared with the first half of 2018<sup>1</sup>. There was less trading activity across all major indices, including CDX HY, CDX IG and iTraxx Europe.

In the first half of 2019:

- Credit derivatives traded notional decreased to \$4.4 trillion from \$4.9 trillion in the first half of 2018. Trade count fell to 121,672 from 128,239 over the same period. CDX HY traded notional declined by 8.6% to \$719.5 billion from \$786.8 billion in the first half of 2018, and CDX IG traded notional decreased by 2.2% over the same period to \$1.6 trillion from \$1.7 trillion. iTraxx Europe traded notional decreased by 13.0% to \$843.4 billion in the first half of 2019 from \$969.7 billion in the first half of 2018.
- CDX HY and CDX IG represented 16.5% and 37.2% of traded notional and 28.7% and 24.5% of total trade count, respectively. iTraxx Europe accounted for 19.4% of total credit derivatives traded notional and 17.1% of total trade count.
- Cleared transactions represented 80.6% of total traded notional, compared with 83.4% in the first half of 2018. About 98% of CDX HY, 99% of CDX IG, 95% of iTraxx Europe and 35% of other credit derivatives traded notional was cleared.
- SEF-traded credit derivatives represented 77.0% of total traded notional, compared with 79.3% in the first half of 2018. About 97% of CDX HY, 98% of CDX IG, 91% of iTraxx Europe and 25% of other credit derivatives traded notional was executed on SEFs.
- Credit derivatives contracts denominated in US dollars represented 70.8% of traded notional and 72.3% of trade count. Euro-denominated transactions accounted for 28.8% and 27.1% of traded notional and trade count, respectively.

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

In the second quarter of 2019:

- Credit derivatives traded notional decreased by 9.3% to \$2.0 trillion from \$2.2 trillion in the second quarter of 2018. Trade count fell by 3.9% to 58,578 from 60,941 over the same period. CDX HY traded notional increased by 4.1% and CDX IG traded notional increased by 3.2% compared with the second quarter of 2018. CDX HY rose to \$358.8 billion from \$344.9 billion, and CDX IG grew to \$730.7 billion from \$707.9 billion. iTraxx Europe traded notional decreased by 20.8% to \$372.8 billion in the second quarter of 2019 from \$470.5 billion in the second quarter of 2018.
  - CDX HY and CDX IG represented 17.8% and 36.3% of traded notional and 30.4% and 23.6% of total trade count, respectively. iTraxx Europe accounted for 18.5% of total credit derivatives traded notional and 14.1% of total trade count.
  - Cleared transactions represented 80.1% of total traded notional and 81.4% of trade count. About 98% of CDX HY, 99% of CDX IG, 92% of iTraxx Europe and 35% of other credit derivatives traded notional was cleared.
  - SEF-traded credit derivatives represented 76.5% of total traded notional and 78.6% of trade count. About 97% of CDX HY, 98% of CDX IG, 89% of iTraxx Europe and 26% of other credit derivatives traded notional was executed on SEFs.
  - Credit derivatives contracts denominated in US dollars represented 71.0% of total traded notional and 72.6% of trade count. Euro-denominated transactions accounted for 28.7% and 26.8% of traded notional and trade count, respectively.
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ISDA has published other recent research papers:

- ***Key Trends in the Size and Composition of OTC Derivatives Markets, May 2019***  
<https://www.isda.org/a/9atME/Key-Trends-in-Size-and-Composition-of-OTC-Derivatives-Markets.pdf>
- ***Interest Rate Benchmarks Review: First Quarter of 2019, April 2019***  
<https://www.isda.org/a/nAnME/Interest-Rates-Benchmarks-Review-Q1-2019.pdf>
- ***SwapsInfo First Quarter of 2019 Review, April 2019***  
<https://www.isda.org/a/RNUME/SwapsInfo-Q1-2019-Review.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 900 member institutions from 71 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 web site: [www.isda.org](http://www.isda.org). Follow us on Twitter @ISDA.