

SwapsInfo First Half of 2023 and the Second Quarter of 2023 Review: Summary

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

Notional and trade count data for trading in IRD and credit derivatives is obtained from the Depository Trust & Clearing Corporation (DTCC) swap data repository (SDR) and security-based swap data repository (SBSDR). It is available on the ISDA SwapsInfo website (swapsinfo.org).

This report covers IRD and index credit derivatives transactions disclosed to the DTCC SDR under US Commodity Futures Trading Commission (CFTC) regulations. Security-based credit derivatives analysis includes only security-based swap transactions reported to the DTCC SBSDR under US Securities and Exchange Commission (SEC) regulations. The report does not cover security-based swap transactions reported to ICE Trade Vault.

KEY HIGHLIGHTS FOR THE FIRST HALF OF 2023 AND THE SECOND QUARTER OF 2023

Interest Rate Derivatives

In the first half of 2023, IRD traded notional and trade count grew by 16.8% and 18.2%, respectively, compared to the first half of 2022¹. Overnight index swaps (OIS) and forward rate agreement (FRA) traded notional increased by 59.1% and 9.8%, respectively, while fixed-for-floating interest rate swaps (IRS) traded notional fell by 42.1%. OIS trade count rose by 51.0%, FRA trade count increased by 10.4% and fixed-for-floating IRS trade count fell by 5.9%.

In the first half of 2023:

- IRD traded notional increased to \$181.6 trillion in the first half of 2023 from \$155.5 trillion in the first half of 2022. Trade count rose to 1.4 million from 1.1 million over the same period.
- The increase in IRD traded notional was driven by a jump in OIS traded notional, which grew to \$108.8 trillion in the first half of 2023 from \$68.4 trillion in the first half of 2022. Single currency fixed-for-floating IRS traded notional declined to \$29.2 trillion from \$50.4 trillion in the first half of 2022. FRA traded notional rose to \$21.5 trillion from \$19.5 trillion over the same period.
- Single currency fixed-for-floating IRS represented 16.1% of total IRD traded notional and accounted for 36.9% of total IRD trade count. FRAs and OIS made up 11.8% and 59.9% of traded notional and 6.3% and 43.8% of total trade count, respectively.
- Cleared IRD transactions accounted for 77.6% of total traded notional and 77.7% of trade count. 84.2% of fixed-for-floating IRS, 98.2% of FRA, 84.9% of OIS and 12.7% of other IRD traded notional was cleared.
- SEF-traded IRD comprised 52.5% of total traded notional and 65.8% of trade count. 66.3% of fixed-for-floating IRS, 89.6% of FRA, 44.6% of OIS and 37.0% of other IRD traded notional was executed on SEFs.

¹ This data only includes interest rate derivatives (IRD) reported to the Depository Trust & Clearing Corporation (DTCC) swap data repository (SDR) under US Commodity Futures Trading Commission (CFTC) regulations

- IRD contracts denominated in US dollars made up 42.3% of total IRD traded notional and 36.9% of trade count. Euro-denominated IRD accounted for 33.5% of traded notional and 23.7% of trade count. Sterling-denominated transactions comprised 9.3% and 6.7% of total IRD traded notional and trade count, respectively.
- OIS traded notional denominated in US dollars increased by 59.1% and US dollar-denominated fixed-for-floating IRS traded notional fell by 72.7%. US dollar-denominated FRA traded notional rose by 17.5% in the first half of 2023 compared to the first half of 2022. Euro-denominated OIS and FRA traded notional grew by 61.0% and 9.9%, respectively, while euro IRS traded notional fell by 7.4%. Sterling-denominated OIS traded notional increased by 44.6% and sterling-denominated IRS traded notional dropped by 39.9%.

In the second quarter of 2023:

- IRD traded notional rose by 5.7% to \$75.1 trillion in the second quarter of 2023 versus \$71.0 trillion in the second quarter of 2022. Trade count increased by 3.3% to 596.3 thousand from 577.5 thousand over the same period.
- OIS traded notional grew by 42.5% to \$47.0 trillion in the second quarter of 2023 from \$33.0 trillion in the second quarter of 2022. FRA traded notional dropped by 19.2% to \$7.1 trillion from \$8.8 trillion. Single currency fixed-for-floating IRS traded notional fell by 46.9% to \$11.2 trillion from \$21.1 trillion.
- Single currency fixed-for-floating IRS accounted for 15.0% of total IRD traded notional and 36.8% of total IRD trade count. OIS and FRAs represented 62.6% and 9.5% of total IRD traded notional and 45.6% and 4.5% of total trade count, respectively.
- Cleared IRD transactions comprised 76.8% of total IRD traded notional and 77.8% of total trade count. 85.4% of fixed-for-floating IRS, 98.1% of FRA, 85.2% of OIS and 11.0% of other IRD traded notional was cleared.
- IRD transactions executed on SEFs made up 52.0% of total IRD traded notional and 65.2% of trade count. 63.5% of fixed-for-floating IRS, 87.6% of FRA, 46.6% of OIS and 38.8% of other IRD traded notional was traded on SEFs.

- IRD contracts denominated in US dollars comprised 41.1% of total IRD traded notional and 37.8% of total trade count. Euro-denominated transactions accounted for 32.0% of total IRD traded notional and 21.5% of trade count. Sterling-denominated IRD comprised 10.2% and 6.5% of total traded notional and trade count, respectively.
- OIS and FRA traded notional denominated in US dollars increased by 56.4% and 26.2%, respectively, while US dollar-denominated fixed-for-floating IRS traded notional declined by 84.9%. Euro-denominated IRS traded notional fell by 13.7%, euro-denominated FRA traded notional declined by 20.4% and euro OIS traded notional rose by 15.6%. Sterling-denominated OIS traded notional grew by 32.7%.

Index Credit Derivatives Reported under CFTC Regulations

Index credit derivatives traded notional and trade count fell by 28.4% and 16.6%, respectively, in the first half of 2023 compared to the first half of 2022².

In the first half of 2023:

- Index credit derivatives traded notional dropped to \$5.9 trillion in the first half of 2023 from \$8.2 trillion in the first half of 2022. Trade count fell to 180.1 thousand from 215.9 thousand over the same period.
- CDX HY traded notional declined by 22.3% to \$983.2 billion in the first half of 2023 from \$1.3 trillion in the first half of 2022. CDX IG traded notional fell by 24.3% to \$2.1 trillion from \$2.8 trillion. iTraxx Europe traded notional dropped by 33.9% to \$1.4 trillion in the first half of 2023 from \$2.1 trillion in the first half of 2022.
- CDX HY and CDX IG represented 16.8% and 36.3% of total index credit derivatives traded notional and 28.9% and 24.5% of trade count, respectively. iTraxx Europe accounted for 23.2% of total index credit derivatives traded notional and 18.0% of trade count.

² Index credit derivatives mostly comprise credit default swap (CDS) indices, but also include CDS index tranches, credit swaptions, exotic products, total return swaps and an insignificant amount of single-name CDS. This data only includes transactions reported to the DTCC SDR under CFTC regulations. Credit derivatives reported to the DTCC security-based swap data repository (SBSDR) under US Securities and Exchange Commission (SEC) regulations are not included in this data

- Cleared index credit derivatives transactions made up 86.6% of total index credit derivatives traded notional and 90.1% of trade count. 99.4% of CDX HY, 99.4% of CDX IG, 96.7% of iTraxx Europe and 47.9% of other credit derivatives traded notional was cleared.
- SEF-traded index credit derivatives comprised 84.8% of total index credit derivatives traded notional and 88.8% of trade count. 97.4% of CDX HY, 98.0% of CDX IG, 94.6% of iTraxx Europe and 46.0% of other credit derivatives traded notional was executed on SEFs.
- Index credit derivatives denominated in US dollars represented 62.9% of total index credit derivatives traded notional and 63.0% of trade count. Euro-denominated transactions accounted for 37.0% and 36.8% of traded notional and trade count, respectively.

In the second quarter of 2023:

- Index credit derivatives traded notional fell by 39.8% to \$2.2 trillion in the second quarter of 2023 from \$3.7 trillion in the second quarter of 2022. Trade count dropped by 27.2% to 73.7 thousand from 101.3 thousand over the same period.
- CDX HY traded notional fell by 35.0% to \$387.3 billion in the second quarter of 2023 from \$595.8 billion in the second quarter of 2022. CDX IG traded notional declined by 35.9% to \$826.7 billion from \$1.3 trillion and iTraxx Europe traded notional dropped by 47.6% to \$469.0 billion from \$894.9 billion.
- CDX HY and CDX IG made up 17.5% and 37.4% of total index credit derivatives traded notional and 30.8% and 24.7% of trade count, respectively. iTraxx Europe accounted for 21.2% of total index credit derivatives traded notional and 17.1% of trade count.
- Cleared index credit derivatives transactions comprised 84.7% of total index credit derivatives traded notional and 89.7% of trade count. 99.5% of CDX HY, 99.5% of CDX IG, 96.3% of iTraxx Europe and 40.3% of other credit derivatives traded notional was cleared.
- SEF-traded index credit derivatives represented 83.5% of total index credit derivatives traded notional and 88.9% of trade count. 97.6% of CDX HY, 98.1% of CDX IG, 94.7% of iTraxx Europe and 40.2% of other index credit derivatives traded notional was executed on SEFs.

- Index credit derivatives denominated in US dollars accounted for 66.3% of total index credit derivatives traded notional and 65.7% of trade count. Euro-denominated transactions made up 33.7% and 34.1% of total traded notional and trade count, respectively.

Security-based Credit Derivatives Reported Under SEC Regulations

In the second quarter of 2023:

- Security-based credit derivatives traded notional grew by 15.1% to \$176.7 billion in the second quarter of 2023 from \$153.5 billion in the second quarter of 2022. Trade count rose by 18.7% to 58.7 thousand from 49.5 thousand over the same period^{3,4}.
- Corporate single-name credit default swaps (CDS) traded notional increased by 31.8% to \$136.5 billion in the second quarter of 2023 from \$103.6 billion in the second quarter of 2022. Sovereign single-name CDS traded notional fell by 17.2% to \$31.3 billion from \$37.8 billion.
- Corporate single-name CDS traded notional accounted for 77.3% of total security-based credit derivatives traded notional and sovereign single-name CDS represented 17.7%. Corporate and sovereign single-name CDS comprised 79.3% and 14.0% of total trade count, respectively. Other security-based credit derivatives traded notional made up 5.0% of total security-based credit derivatives traded notional and 6.7% of trade count.
- Cleared security-based credit derivatives transactions accounted for 49.4% of total security-based credit derivatives traded notional and 47.0% of total trade count. 52.4% of corporate single-name CDS and 49.6% of sovereign single-name CDS traded notional was cleared.

³ Security-based credit derivatives mostly comprise single-name CDS, but also include total return swaps, index, exotic, index tranche, swaptions and other single-name swaps (eg, asset-backed, loan and municipal security-based swaps)

⁴ This data includes only security-based credit derivatives transactions reported to the DTCC SBSDR from February 2022. It does not cover security-based transactions reported to ICE Trade Vault and does not include any transactions that are reported to the DTCC SDR under CFTC regulations



ISDA has published other recent research papers:

- ***Transition to RFRs Review: First Half of 2023 and the Second Quarter of 2023***
www.isda.org/2023/07/26/transition-to-rfrs-review-first-half-of-2023-and-the-second-quarter-of-2023/
- ***ISDA Survey on OTC Derivatives in Emerging and Developing Markets***
www.isda.org/a/j7ogE/ISDA-Survey-on-OTC-Derivatives-in-Emerging-and-Developing-Markets.pdf
- ***ISDA-Clarus RFR Adoption Indicator: June 2023***
www.isda.org/a/7oogE/ISDA-Clarus-RFR-Adoption-Indicator-June-2023.pdf

ISDA has launched a new SwapsInfo page that shows weekly traded notional and trade count for credit derivatives reported under SEC regulations. This data includes only security-based credit derivatives transactions reported to the DTCC SBSDR from February 2022. It does not cover security-based transactions reported to ICE Trade Vault and does not include any transactions required to be disclosed under CFTC regulations. To access the expanded SwapsInfo website, [click here](#).

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Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has more than 1,000 member institutions from 78 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. Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).