

SwapsInfo First Half of 2021 and Second Quarter of 2021 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, 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), 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.

KEY HIGHLIGHTS FOR THE FIRST HALF OF 2021 AND THE SECOND QUARTER OF 2021

Interest Rate Derivatives

IRD traded notional fell by 16.0% and trade count increased by 9.8% in the first half of 2021 compared to the first half of 2020. Fixed-for-floating interest rate swaps (IRS) traded notional increased by 43.1%, while forward rate agreements (FRAs) and overnight index swaps (OIS) traded notional decreased by 30.6% and 52.9%, respectively.

In the first half of 2021:

- IRD traded notional decreased by 16.0% to \$121.0 trillion in the first half of 2021 from \$144.0 trillion in the first half of 2020. Trade count grew by 9.8% to 981.0 thousand from 893.4 thousand over the same period.
- Single currency fixed-for-floating IRS traded notional increased to \$50.4 trillion in the first half of 2021 from \$35.2 trillion in the first half of 2020. FRA traded notional declined to \$37.4 trillion from \$53.8 trillion and OIS traded notional decreased to \$18.9 trillion from \$40.0 trillion.
- Single currency fixed-for-floating IRS accounted for 64.3% of total IRD trade count but represented only 41.7% of total IRD traded notional. FRAs and OIS represented 30.9% and 15.6% of total traded notional and 13.5% and 8.6% of total trade count, respectively.
- Cleared IRD transactions represented 75.7% of total traded notional and 71.5% of total trade count. 91.4% of fixed-for-floating IRS, 98.8% of FRA, 81.4% of OIS and 38.3% of other IRD traded notional was cleared in the first half of 2021¹.
- SEF-traded IRD represented 69.8% of total traded notional and 67.3% of total trade count. 72.9% of fixed-for-floating IRS, 92.7% of FRA, 41.7% of OIS and 36.0% of other IRD traded notional was executed on SEFs.

¹ A planned system upgrade by the DTCC SDR on November 21, 2020 changed reporting logic for the cleared status of trades. Following the upgrade, the percentage of IRD trades indicated to be cleared appears lower in 2021 compared to historical averages as firms switched to the new reporting logic

- IRD contracts denominated in US dollars contributed 56.4% of total traded notional and 45.4% of total trade count. Euro-denominated transactions accounted for 20.1% of total traded notional and 19.6% of total trade count. Sterling-denominated transactions comprised 12.1% and 9.7% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS traded notional denominated in US dollars increased by 80.3% compared to the first half of 2020, while US dollar-denominated FRAs and OIS decreased by 50.4% and 58.3%, respectively. Euro-denominated IRS and FRA traded notional increased by 29.4% and 110.5%, respectively, while euro-denominated OIS decreased by 46.6%. Sterling-denominated IRS traded notional increased by 20.3%, while sterling-denominated FRA and OIS traded notional decreased by 24.8% and 31.6%, respectively.

In the second quarter of 2021:

- IRD traded notional decreased by 10.6% to \$50.8 trillion in the second quarter of 2021 from \$56.8 trillion in the second quarter of 2020. Trade count grew by 7.5% to 442.1 thousand from 411.2 thousand over the same period.
- Single currency fixed-for-floating IRS traded notional increased by 48.2% to \$23.4 trillion in the second quarter of 2021 from \$15.8 trillion in the second quarter of 2020. FRA traded notional fell by 46.6% to \$13.0 trillion from \$24.4 trillion and OIS traded notional declined by 19.9% to \$7.9 trillion from \$9.9 trillion.
- Single currency fixed-for-floating IRS accounted for 65.8% of total IRD trade count but represented only 46.1% of total IRD traded notional. FRAs and OIS represented 25.7% and 15.6% of total traded notional and 10.9% and 9.8% of total trade count, respectively.
- Cleared IRD transactions represented 76.2% of total traded notional and 72.1% of total trade count. 83.4% of fixed-for-floating IRS, 96.6% of FRA, 66.2% of OIS and 21.4% of other IRD traded notional was cleared.
- SEF-traded IRD represented 70.9% of total traded notional and 67.7% of total trade count. 75.2% of fixed-for-floating IRS, 94.2% of FRA, 47.6% of OIS and 36.9% of other IRD traded notional was executed on SEFs.

- IRD contracts denominated in US dollars contributed 58.6% of total traded notional and 46.2% of total trade count. Euro-denominated transactions accounted for 21.0% of total traded notional and 19.8% of trade count. Sterling-denominated transactions comprised 9.2% and 8.4% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS traded notional denominated in US dollars increased by 111.2% compared to the second quarter of 2020, while US dollar-denominated FRAs and OIS decreased by 60.2% and 11.2%, respectively. Euro-denominated IRS and FRA traded notional increased by 33.3% and 56.0%, respectively, while euro-denominated OIS decreased by 51.6%. Sterling-denominated IRS and OIS traded notional increased by 1.8% and 12.9%, respectively, while sterling-denominated FRA traded notional decreased by 73.6%.

Credit Derivatives

Credit derivatives traded notional and trade count decreased by 26.1% and 29.8%, respectively, in the first half of 2021 compared to the first half of 2020². There was less trading activity across all major indices, including CDX HY, CDX IG and iTraxx Europe.

In the first half of 2021:

- Credit derivatives traded notional decreased by 26.1% to \$4.5 trillion in the first half of 2021 from \$6.1 trillion in the first half of 2020. Trade count dropped by 29.8% to 118.7 thousand from 169.1 thousand over the same period.
- CDX HY traded notional decreased by 33.7% to \$693.5 billion from \$1.1 trillion, while CDX IG traded notional decreased by 35.9% to \$1.6 trillion from \$2.5 trillion. iTraxx Europe traded notional dropped by 4.5% to \$1.0 trillion in the first half of 2021 from \$1.1 trillion in the first half of 2020.
- CDX HY and CDX IG represented 15.3% and 35.9% of total traded notional and 27.1% and 25.1% of total trade count, respectively. iTraxx Europe accounted for 22.3% of total credit derivatives traded notional and 15.8% of total trade count.
- Cleared credit derivatives transactions represented 80.4% of total traded notional and 83.8% of total trade count in the first half of 2021. 96.1% of CDX HY, 96.5% of CDX IG, 92.7% of iTraxx Europe and 39.4% of other credit derivatives traded notional was cleared.
- SEF-traded credit derivatives represented 80.1% of total traded notional and 83.5% of total trade count. 96.1% of CDX HY, 96.1% of CDX IG, 92.4% of iTraxx Europe and 39.0% of other credit derivatives traded notional was executed on SEFs.
- Credit derivatives contracts denominated in US dollars represented 63.3% of total traded notional and 64.7% of total trade count. Euro-denominated transactions accounted for 36.4% and 34.9% of total traded notional and trade count, respectively.

² 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

In the second quarter of 2021:

- Credit derivatives traded notional decreased by 13.7% to \$1.9 trillion in the second quarter of 2021 from \$2.2 trillion in the second quarter of 2020. Trade count fell by 26.8% to 48.8 thousand from 66.8 thousand over the same period.
- CDX HY traded notional decreased by 32.4% to \$277.0 billion in the second quarter of 2021 from \$409.8 billion in the second quarter of 2020. CDX IG traded notional decreased by 29.2% to \$642.9 billion from \$908.1 billion. iTraxx Europe traded notional grew by 29.8% to \$441.9 billion in the second quarter of 2021 from \$340.3 billion in the second quarter of 2020.
- CDX HY and CDX IG represented 14.7% and 34.0% of total traded notional and 27.0% and 24.3% of total trade count, respectively. iTraxx Europe accounted for 23.4% of total credit derivatives traded notional and 16.2% of total trade count.
- Cleared credit derivatives transactions represented 78.5% of total traded notional and 83.1% of total trade count in the second quarter of 2021. 95.6% of CDX HY, 96.7% of CDX IG, 93.6% of iTraxx Europe and 34.7% of other credit derivatives traded notional was cleared.
- SEF-traded credit derivatives represented 78.2% of total traded notional and 82.7% of total trade count. 95.4% of CDX HY, 95.9% of CDX IG, 93.0% of iTraxx Europe and 35.1% of other credit derivatives traded notional was executed on SEFs.
- Credit derivatives contracts denominated in US dollars represented 62.1% of total traded notional and 64.6% of total trade count. Euro-denominated transactions accounted for 37.6% and 34.9% of total traded notional and trade count, respectively.



ISDA has published other recent research papers:

- ***Transition to RFRs Review: First Half of 2021 and the Second Quarter of 2021, August 2021***

<https://www.isda.org/a/ImMgE/Transition-to-RFRs-Review-First-Half-of-2021-and-the-Second-Quarter-of-2021.pdf>

- ***ISDA-Clarus RFR Adoption Indicator: June 2021, July 2021***

<https://www.isda.org/a/PBEgE/ISDA-Clarus-RFR-Adoption-Indicator-June-2021.pdf>

- ***SwapsInfo First Quarter of 2021 Review, May 2021***

<https://www.isda.org/a/PMzTE/SwapsInfo-First-Quarter-of-2021-Review-Full-Report.pdf>

For questions on ISDA Research, please contact:

Olga Roman

Head of Research

International Swaps and Derivatives Association, Inc. (ISDA)

Office: 212-901-6017

oroman@isda.org

ABOUT ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient.

Today, ISDA has over 960 member institutions from 76 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](#).