

SwapsInfo Full Year 2021 and the Fourth 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 FULL YEAR 2021 AND THE FOURTH QUARTER OF 2021

Interest Rate Derivatives

IRD traded notional and trade count grew by 0.5% and 19.5%, respectively, in 2021 versus the year before. Fixed-for-floating interest rate swaps (IRS) traded notional increased by 50.5%, while forward rate agreement (FRA) and overnight index swaps (OIS) traded notional decreased by 35.2% and 5.2%, respectively. Fixed-for-floating IRS and OIS trade count rose by 20.1% and 134.3%, respectively, while FRA trade count was down by 24.4% versus 2020.

In the full year 2021:

- IRD traded notional increased to \$231.0 trillion in 2021 from \$229.7 trillion in 2020. Trade count rose to 1.9 million from 1.6 million over the same period.
- Single currency fixed-for-floating IRS traded notional increased to \$94.6 trillion in 2021 from \$62.8 trillion in 2020. FRA traded notional dropped to \$53.4 trillion from \$82.5 trillion and OIS traded notional declined to \$55.2 trillion from \$58.3 trillion.
- Single currency fixed-for-floating IRS accounted for 62.4% of total IRD trade count and 40.9% of total IRD traded notional. FRAs and OIS represented 23.1% and 23.9% of total traded notional and 10.3% and 13.9% of trade count, respectively.
- Cleared IRD transactions represented 75.6% of total IRD traded notional and 72.3% of total trade count. 83.5% of fixed-for-floating IRS, 94.6% of FRA, 69.6% of OIS and 23.8% of other IRD traded notional was cleared¹.
- SEF-traded IRD represented 65.5% of total IRD traded notional and 66.7% of trade count. 74.0% of fixed-for-floating IRS, 91.4% of FRA, 40.7% of OIS and 36.2% 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 represented 54.8% of total IRD traded notional and 44.4% of total trade count. Euro-denominated transactions accounted for 20.4% of total traded notional and 19.8% of trade count. Sterling-denominated transactions comprised 13.2% and 9.8% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS and OIS traded notional denominated in US dollars increased by 88.5% and 1.7%, respectively, while US dollar-denominated FRAs decreased by 57.9% in 2021 compared to 2020. Euro-denominated IRS and FRA traded notional grew by 54.1% and 126.9%, respectively, while euro-denominated OIS dropped by 22.3%. Sterling-denominated IRS and FRA traded notional fell by 0.3% and 38.0%, respectively, while sterling-denominated OIS traded notional increased by 17.0%.

In the fourth quarter of 2021:

- IRD traded notional increased by 50.3% to \$60.4 trillion in the fourth quarter of 2021 versus \$40.2 trillion in the fourth quarter of 2020. Trade count grew by 43.8% to 480.3 thousand from 334.0 thousand over the same period.
- Single currency fixed-for-floating IRS traded notional increased by 67.6% to \$23.1 trillion in the fourth quarter of 2021 from \$13.8 trillion in the same period in 2020. FRA traded notional fell by 45.3% to \$6.1 trillion from \$11.1 trillion and OIS traded notional grew by 146.8% to \$23.7 trillion from \$9.6 trillion.
- Single currency fixed-for-floating IRS accounted for 58.5% of total IRD traded notional and 38.2% of total IRD traded notional. FRAs and OIS represented 10.0% and 39.3% of total traded notional and 4.8% and 23.3% of total trade count, respectively.
- Cleared IRD transactions represented 74.1% of total traded notional and 73.3% of total trade count. 85.6% of fixed-for-floating IRS, 90.1% of FRA, 73.5% of OIS and 28.1% of other IRD traded notional was cleared in the fourth quarter of 2021.

² A planned system upgrade by the DTCC SDR on November 21, 2020 caused execution venue not to be included in its public price dissemination information. As of December 5, 2020, this issue has been resolved and execution venue type is being published. Missing data was estimated on the SwapsInfo website and in this report, based on actual SEF-execution metrics per product for the period from January 1, 2020 to November 21, 2020

- SEF-traded IRD represented 57.3% of total traded notional and 66.1% of trade count. 74.4% of fixed-for-floating IRS, 83.7% of FRA, 40.4% of OIS and 37.4% of other IRD traded notional was executed on SEFs.
- IRD contracts denominated in US dollars represented 53.8% of total IRD traded notional and 43.8% of total trade count. Euro-denominated transactions accounted for 20.0% of total traded notional and 20.2% of trade count. Sterling-denominated transactions represented 15.3% and 10.6% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS and OIS traded notional denominated in US dollars increased by 102.6% and 283.4%, respectively, while US dollar-denominated FRAs decreased by 79.1% in the fourth quarter of 2021 versus the fourth quarter of 2020. Euro-denominated IRS, FRA and OIS traded notional grew by 111.5%, 240.2% and 24.4%, respectively. Sterling-denominated IRS and FRA traded notional fell by 47.7% and 64.8%, respectively, while sterling-denominated OIS traded notional increased by 159.9%.

Credit Derivatives

Credit derivatives traded notional and trade count decreased by 1.7% and 11.8%, respectively, in 2021 compared to 2020². While there was less trading activity across CDX HY and CDX IG, trading in iTraxx Europe increased.

In the full year 2021:

- Credit derivatives traded notional decreased to \$9.5 trillion in 2021 from \$9.7 trillion in 2020. Trade count fell to 243.0 thousand from 275.4 thousand over the same period.
- CDX HY traded notional declined by 13.5% to \$1.5 trillion in 2021 from \$1.7 trillion in 2020. CDX IG traded notional decreased by 17.5% to \$3.2 trillion from \$3.9 trillion and iTraxx Europe traded notional increased by 33.7% to \$2.3 trillion from \$1.7 trillion.
- CDX HY and CDX IG represented 15.3% and 33.8% of total credit derivatives traded notional and 27.0% and 23.4% of total trade count, respectively. iTraxx Europe accounted for 23.6% of total credit derivatives traded notional and 16.5% of total trade count.
- Cleared credit derivatives transactions represented 80.6% of total traded notional and 84.4% of total trade count in 2021. 96.7% of CDX HY, 97.1% of CDX IG, 92.7% of iTraxx Europe and 40.6% of other credit derivatives traded notional was cleared.
- SEF-traded credit derivatives represented 79.9% of total traded notional and 83.9% of total trade count. 96.1% of CDX HY, 96.3% of CDX IG, 92.0% of iTraxx Europe and 40.0% of other credit derivatives traded notional was executed on SEFs.
- Credit derivatives contracts denominated in US dollars represented 61.5% of total traded notional and 63.2% of trade count. Euro-denominated transactions accounted for 38.3% and 36.3% 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 fourth quarter of 2021:

- Credit derivatives traded notional increased by 56.3% to \$2.7 trillion in the fourth quarter of 2021 from \$1.7 trillion in the fourth quarter of 2020. Trade count rose by 30.6% to 68.9 thousand from 52.7 thousand over the same period.
 - CDX HY traded notional grew by 30.4% to \$397.2 billion in the fourth quarter of 2021 from \$304.6 billion in the fourth quarter of 2020. CDX IG traded notional increased by 23.5% to \$829.7 billion from \$671.6 billion and iTraxx Europe traded notional increased by 138.5% to \$708.4 billion from \$297.1 billion.
 - CDX HY and CDX IG represented 14.6% and 30.6% of total credit derivatives traded notional and 26.3% and 20.7% of total trade count, respectively. iTraxx Europe accounted for 26.1% of total credit derivatives traded notional and 17.9% of total trade count.
 - Cleared credit derivatives transactions represented 79.7% of total traded notional and 85.2% of total trade count. 96.8% of CDX HY, 97.1% of CDX IG, 90.5% of iTraxx Europe and 42.4% of other credit derivatives traded notional was cleared.
 - SEF-traded credit derivatives represented 78.7% of total traded notional and 84.5% of total trade count. 95.4% of CDX HY, 96.1% of CDX IG, 89.6% of iTraxx Europe and 41.6% of other credit derivatives traded notional was executed on SEFs.
 - Credit derivatives contracts denominated in US dollars represented 57.6% of total traded notional and 59.5% of trade count. Euro-denominated transactions accounted for 42.2% and 40.1% of total traded notional and trade count, respectively.
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ISDA has published other recent research papers:

- ***ISDA-Clarus RFR Adoption Indicator: December 2021***

<https://www.isda.org/a/OP6gE/ISDA-Clarus-RFR-Adoption-Indicator-December-2021.pdf>

- ***Interest Rate Derivatives Trading Activity in the EU, UK and US: October 2021***

<https://www.isda.org/a/sn6gE/Interest-Rate-Derivatives-Trading-Activity-Reported-in-EU-UK-and-US-Markets-Oct-2021.pdf>

- ***Key Trends in the Size and Composition of OTC Derivatives Markets in the First Half of 2021***

<https://www.isda.org/a/tBngE/Key-Trends-in-the-Size-and-Composition-of-OTC-Derivatives-Markets-in-the-First-Half-of-2021.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 960 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](#).