

# SwapsInfo First Half of 2020 and Second Quarter of 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 FIRST HALF OF 2020 AND THE SECOND QUARTER OF 2020

Trading volumes for IRD and credit derivatives both increased during the first half of 2020 compared with the first half of 2019. For IRD, the increase was particularly noticeable in overnight index swaps (OIS). For credit derivatives, there was more trading activity across all major indices.

### Interest Rate Derivatives

IRD traded notional and trade count both grew in the first half of 2020. IRD traded notional and trade count rose by 4.3% and 19.4%, respectively, compared with the first half of 2019. Forward rate agreements (FRAs) and OIS traded notional grew by 6.2% and 23.3%, respectively, in the first half of 2020 compared with the prior year, while single currency fixed-for-floating interest rate swaps (IRS) traded notional decreased by 9.1%.

#### In the first half of 2020:

- IRD traded notional increased to \$143.9 trillion from \$138.0 trillion in the first half of 2019. Trade count grew to 893.0 thousand from 747.6 thousand over the same period. FRA traded notional grew to \$53.8 trillion from \$50.7 trillion and OIS traded notional jumped to \$40.0 trillion in the first half of 2020 from \$32.5 trillion in the first half of 2019. Single currency fixed-for-floating IRS traded notional decreased to \$35.2 trillion from \$38.8 trillion.
- Single currency fixed-for-floating IRS accounted for 60.9% of total IRD trades but represented only 24.5% of total IRD traded notional in the first half of 2020. FRAs and OIS represented 37.4% and 27.8% of total traded notional and 18.3% and 7.2% of total trade count, respectively.
- Cleared IRD transactions represented 91.1% of total traded notional and 84.8% of total trade count. 95.3% of fixed-for-floating IRS, 99.2% of FRA, 97.2% of OIS and 35.1% of other IRD traded notional was cleared in the first half of 2020.
- SEF-traded IRD represented 58.2% of total traded notional and 63.6% of total trade count. 60.7% of fixed-for-floating IRS, 84.3% of FRA, 28.2% of OIS and 38.9% of other IRD traded notional was executed on SEFs in the first half of 2020.

- IRD contracts denominated in US dollars contributed 61.2% of total traded notional and 52.1% of total trade count. Euro-denominated transactions accounted for 13.1% of total traded notional and 14.1% of total trade count. Sterling-denominated transactions totaled 13.0% and 9.6% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS contracts denominated in US dollars decreased by 18.0%, while US dollar FRA and OIS contracts increased by 2.3% and 0.7%, respectively, compared with the first half of 2019. Euro-denominated FRAs and OIS increased by 16.2% and 39.4%, respectively, while euro-denominated IRS decreased by 11.9%. Sterling-denominated IRS, FRA and OIS traded notional increased by 20.8%, 51.3% and 204.0%, respectively.

#### **In the second quarter of 2020:**

- IRD traded notional decreased by 16.6% to \$56.8 trillion from \$68.0 trillion in the second quarter of 2019. Trade count grew by 11.2% to 411.1 thousand from 369.6 thousand over the same period. Single currency fixed-for-floating IRS traded notional decreased to \$15.8 trillion from \$18.5 trillion. FRA traded notional grew to \$24.4 trillion from \$23.6 trillion and OIS traded notional dropped to \$9.9 trillion in the second quarter of 2020 from \$18.1 trillion in the second quarter of 2019.
- Single currency fixed-for-floating IRS accounted for 59.4% of total IRD trades but represented only 27.8% of total IRD traded notional in the second quarter of 2020. FRAs and OIS represented 43.0% and 17.4% of total traded notional and 21.7% and 5.6% of total trade count, respectively.
- Cleared IRD transactions represented 90.9% of total traded notional and 85.6% of total trade count. 95.8% of fixed-for-floating IRS, 99.4% of FRA, 97.3% of OIS and 38.4% of other IRD traded notional was cleared in the second quarter of 2020.
- SEF-traded IRD represented 66.5% of total traded notional and 66.6% of total trade count. 63.7% of fixed-for-floating IRS, 88.3% of FRA, 35.4% of OIS and 39.7% of other IRD traded notional was executed on SEFs in the second quarter of 2020.

- IRD contracts denominated in US dollars contributed 60.8% of total traded notional and 51.4% of total trade count. Euro-denominated transactions accounted for 16.2% of total traded notional and 14.1% of total trade count. Sterling-denominated transactions totaled 11.0% and 10.1% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS, FRA and OIS contracts denominated in US dollars decreased by 30.7%, 5.7% and 63.5%, respectively, compared with the second quarter of 2019. Euro-denominated IRS decreased by 6.0%, while euro-denominated FRAs and OIS increased by 31.6% and 40.4%, respectively. Sterling-denominated IRS, FRA and OIS traded notional increased by 7.5%, 107.3% and 35.6%, respectively.

## Credit Derivatives

Credit derivatives traded notional and trade count jumped by 40.6% and 38.5%, respectively, in the first half of 2020 compared to the first half of 2019<sup>1</sup>. There was more trading activity across all major indices, including CDX HY, CDX IG and iTraxx Europe.

### In the first half of 2020:

- Credit derivatives traded notional increased to \$6.1 trillion from \$4.4 trillion in the first half of 2019. Trade count grew to 169.0 thousand from 122.0 thousand over the same period. CDX HY traded notional increased by 45.4% to \$1.0 trillion from \$719.6 billion in the first half of 2019. CDX IG traded notional increased by 56.4% to \$2.5 trillion from \$1.6 trillion in the first half of 2019. iTraxx Europe traded notional rose by 43.3% to \$1.1 trillion in the first half of 2020 from \$741.1 billion in the same period of 2019.
- CDX HY and CDX IG represented 17.0% and 41.3% of total traded notional and 28.8% and 27.8% of total trade count, respectively. iTraxx Europe accounted for 17.3% of total credit derivatives traded notional and 12.2% of total trade count.
- Cleared credit derivatives transactions represented 83.0% of total traded notional and 82.6% of total trade count. 96.4% of CDX HY, 96.9% of CDX IG, 92.1% of iTraxx Europe and 43.4% of other credit derivatives traded notional was cleared.
- SEF-traded credit derivatives represented 79.4% of total traded notional and 79.5% of total trade count. 95.3% of CDX HY, 95.6% of CDX IG, 89.5% of iTraxx Europe and 33.7% of other credit derivatives traded notional was executed on SEFs.
- Credit derivatives contracts denominated in US dollars represented 72.4% of total traded notional and 73.0% of total trade count. Euro-denominated transactions accounted for 27.4% and 26.6% of 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

**In the second quarter of 2020:**

- Credit derivatives traded notional increased by 8.6% to \$2.2 trillion from \$2.0 trillion in the second quarter of 2019. Trade count grew by 13.2% to 66.7 thousand from 58.9 thousand over the same period. CDX HY traded notional increased by 14.2% to \$409.8 billion from \$358.9 billion in the second quarter of 2019. CDX IG traded notional increased by 24.2% to \$908.0 billion from \$730.9 billion in the second quarter of 2019. iTraxx Europe traded notional declined by 6.5% to \$341.8 billion in the second quarter of 2020 from \$365.6 billion in the same period of 2019.
  - CDX HY and CDX IG represented 18.7% and 41.4% of total traded notional and 29.9% and 28.4% of total trade count, respectively. iTraxx Europe accounted for 15.6% of total credit derivatives traded notional and 11.3% of total trade count.
  - Cleared credit derivatives transactions represented 82.7% of total traded notional and 83.6% of total trade count. 96.6% of CDX HY, 97.3% of CDX IG, 89.7% of iTraxx Europe and 42.9% of other credit derivatives traded notional was cleared.
  - SEF-traded credit derivatives represented 78.9% of total traded notional and 80.6% of total trade count. 95.5% of CDX HY, 95.9% of CDX IG, 86.5% of iTraxx Europe and 32.3% of other credit derivatives traded notional was executed on SEFs.
  - Credit derivatives contracts denominated in US dollars represented 74.3% of total traded notional and 73.8% of total trade count. Euro-denominated transactions accounted for 25.5% and 25.7% of total 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 in the Second Half of 2019, June 2020***

<https://www.isda.org/a/BAQTE/Key-Trends-in-Size-and-Composition-of-OTC-Derivatives-Markets-in-2H-2019.pdf>

- ***IRD Block Trading Activity in the First Quarter of 2020, June 2020***

<https://www.isda.org/a/qybTE/IRD-Block-Trading-Activity-in-the-First-Quarter-of-2020.pdf>

- ***SwapsInfo First Quarter of 2020 Review, April 2020***

<https://www.isda.org/a/8bOTE/SwapsInfo-Q1-2020-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](mailto:oroman@isda.org)

## **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](#).