

SwapsInfo First 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 (DTCC) and Bloomberg swap data repositories (SDRs). This report covers only trades required to be disclosed under US regulations.

KEY HIGHLIGHTS FOR THE FIRST QUARTER OF 2021

Interest Rate Derivatives

IRD traded notional fell by 18.3% in the first quarter of 2021, while trade count increased by 14.0% compared to the first quarter of 2020. Fixed-for-floating interest rate swaps (IRS) traded notional rose by 41.7%, while forward rate agreements (FRAs) and overnight index swaps (OIS) traded notional decreased by 17.1% and 62.6%, respectively.

Fixed-for-floating IRS trade count rose by 16.1% in the first quarter of 2021 versus the first quarter of 2020. FRA and OIS trade count increased by 13.5% and 2.5%, respectively, over the same period. Average trade size grew for fixed-for-floating IRS transactions but declined for FRAs and OIS.

In the first quarter of 2021:

- IRD traded notional decreased by 18.3% to \$71.2 trillion in the first quarter of 2021 from \$87.2 trillion in the first quarter of 2020. Trade count grew by 14.0% to 549.6 thousand from 482.1 thousand over the same period.
- Single currency fixed-for-floating IRS traded notional increased to \$27.6 trillion from \$19.5 trillion. FRA traded notional fell to \$24.4 trillion from \$29.4 trillion, and OIS traded notional declined to \$11.3 trillion from \$30.2 trillion in the first quarter of 2020.
- Single currency fixed-for-floating IRS average trade size increased by 21.0%. FRA and OIS average trade size declined by 22.0% and 59.6%, respectively.
- Single currency fixed-for-floating IRS accounted for 63.2% of total IRD trade count but comprised only 38.7% of total IRD traded notional. FRAs and OIS represented 34.2% and 15.8% of total traded notional and 15.2% and 7.6% of total trade count, respectively.
- Cleared IRD transactions comprised 75.1% of total traded notional and 70.9% of total trade count. 79.9% of fixed-for-floating IRS, 94.2% of FRA, 59.3% of OIS and 22.6% of other IRD traded notional was cleared¹.

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

- SEF-traded IRD represented 68.7% of total traded notional and 66.9% of total trade count. 70.7% of fixed-for-floating IRS, 91.7% of FRA, 37.6% of OIS and 35.4% of other IRD traded notional was executed on SEFs.
- IRD contracts denominated in US dollars contributed 54.7% of total traded notional and 44.7% of total trade count. Euro-denominated transactions accounted for 19.5% of total traded notional and 19.4% of total trade count. Sterling-denominated transactions comprised 14.4% and 10.7% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS traded notional denominated in US dollars increased by 60.1% compared to the first quarter of 2020, while US dollar-denominated FRAs and OIS decreased by 42.6% and 70.6%, respectively. Euro-denominated IRS and FRA traded notional increased by 29.3% and 174.4%, while euro-denominated OIS decreased by 40.3%. Sterling-denominated IRS and FRA traded notional increased by 35.7% and 28.3%, respectively, while sterling-denominated OIS traded notional decreased by 42.6%.

Credit Derivatives

Credit derivatives traded notional and trade count decreased by 32.9% and 32.0%, respectively, in the first quarter of 2021 compared to the first quarter of 2020². There was less trading activity across all major indices, including CDX HY, CDX IG and iTraxx Europe.

In the first quarter of 2021:

- Credit derivatives traded notional decreased to \$2.6 trillion in the first quarter of 2021 from \$3.9 trillion in the first quarter of 2020. Trade count fell to 69.7 thousand from 102.4 thousand over the same period.
- CDX HY traded notional decreased by 34.6% to \$416.4 billion from \$636.3 billion. CDX IG traded notional fell by 39.6% to \$1.0 trillion from \$1.6 trillion. iTraxx Europe traded notional declined by 20.8% to \$570.7 billion in the first quarter of 2021 from \$720.4 billion in the first quarter of 2020.
- CDX HY and CDX IG represented 15.7% and 37.2% of total traded notional and 27.2% and 25.8% of total trade count, respectively. iTraxx Europe accounted for 21.5% of total credit derivatives traded notional and 15.6% of total trade count.
- Cleared credit derivatives transactions represented 81.8% of total traded notional and 84.5% of total trade count. 96.5% of CDX HY, 96.4% of CDX IG, 92.0% of iTraxx Europe and 43.1% of other credit derivatives traded notional was cleared.
- SEF-traded credit derivatives represented 81.5% of total traded notional and 84.3% of total trade count. 96.6% of CDX HY, 96.3% of CDX IG, 91.9% of iTraxx Europe and 42.0% of other credit derivatives traded notional was executed on SEFs.
- Credit derivatives contracts denominated in US dollars represented 64.2% of total traded notional and 64.8% of total trade count. Euro-denominated transactions accounted for 35.5% and 34.8% of total traded notional and trade count, respectively.

² Credit derivatives mostly comprise credit default swap (CDS) indices, but also include CDS index tranches, credit swaptions, exotic products, total return swaps and insignificant amount of single-name CDS



ISDA has published other recent research papers:

- ***ISDA Margin Survey Year-end 2020, April 2021***

<https://www.isda.org/a/fgGTE/ISDA-Margin-Survey-Year-End-2020.pdf>

- ***Adoption of RFRs: Major Developments in 2021, April 2021***

<https://www.isda.org/a/MzFTE/Adoption-of-RFRs-Major-Developments-in-2021.pdf>

- ***ISDA-Clarus RFR Adoption Indicator: March 2021, April 2021***

<https://www.isda.org/a/lqFTE/ISDA-Clarus-RFR-Adoption-Indicator-March-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 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. Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).