

SwapsInfo Third Quarter of 2021 and Year-to- September 30, 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 THIRD QUARTER OF 2021 AND YEAR-TO-SEPTEMBER 30, 2021

Interest Rate Derivatives

IRD traded notional grew by 8.9% and trade count increased by 21.0% in the third quarter of 2021 versus the third quarter of 2020. Fixed-for-floating interest rate swaps (IRS) and overnight index swaps (OIS) traded notional increased by 52.5% and 46.9%, respectively, while forward rate agreement (FRA) traded notional decreased by 43.0% over the same period.

In the nine months to September 30, 2021, IRD traded notional fell by 10.0% compared to the first nine months of 2020. Trade count increased by 13.0% over the same period.

In the third quarter of 2021:

- IRD traded notional increased to \$49.6 trillion in the third quarter of 2021 from \$45.5 trillion in the third quarter of 2020. Trade count rose to 434.8 thousand from 359.3 thousand over the same period.
- Single currency fixed-for-floating IRS traded notional increased to \$21.1 trillion in the third quarter of 2021 from \$13.8 trillion in the third quarter of 2020. FRA traded notional dropped to \$10.0 trillion from \$17.6 trillion and OIS traded notional rose to \$12.6 trillion from \$8.6 trillion.
- Single currency fixed-for-floating IRS accounted for 62.3% of total IRD trade count and 42.5% of total IRD traded notional. FRAs and OIS represented 20.2% and 25.5% of total traded notional and 9.1% and 15.4% of total trade count, respectively.
- Cleared IRD transactions comprised 77.1% of total IRD traded notional and 73.2% of total trade count. 85.8% of fixed-for-floating IRS, 95.0% of FRA, 73.4% 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 65.2% of total IRD traded notional and 66.1% of trade count. 76.0% of fixed-for-floating IRS, 91.5% of FRA, 39.9% of OIS and 35.4% of other IRD traded notional was executed on SEFs.
- IRD contracts denominated in US dollars equaled 52.2% of total IRD traded notional and 42.9% of total trade count. Euro-denominated transactions accounted for 21.6% of total traded notional and 19.9% of trade count. Sterling-denominated transactions comprised 13.2% and 9.3% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS and OIS traded notional denominated in US dollars increased by 94.2% and 111.1% respectively, compared to the third quarter of 2020, while US dollar-denominated FRAs decreased by 67.3%. Euro-denominated IRS and FRA traded notional climbed by 63.7% and 115.1%, respectively, while euro-denominated OIS dropped by 3.9%. Sterling-denominated IRS and FRA traded notional decreased by 7.1% and 66.8%, respectively, while sterling-denominated OIS traded notional increased by 28.9%.

Year-to-September 30, 2021:

- IRD traded notional decreased to \$170.6 trillion in the nine months to September 30, 2021 from \$189.5 trillion in the nine months to September 30, 2020. Trade count grew to 1.4 million from 1.3 million over the same period.
- Single currency fixed-for-floating IRS traded notional increased by 45.7% to \$71.5 trillion in the nine months to September 30, 2021 from \$49.1 trillion in same period last year. FRA traded notional decreased by 33.7% to \$47.4 trillion from \$71.4 trillion and OIS traded notional fell by 35.2% to \$31.5 trillion from \$48.6 trillion.
- Single currency fixed-for-floating IRS accounted for 63.7% of total IRD trade count and 41.9% of total IRD traded notional. FRAs and OIS represented 27.8% and 18.5% of total traded notional and 12.1% and 10.7% of total trade count, respectively.
- Cleared IRD transactions comprised 76.1% of total traded notional and 72.0% of total trade count. 82.8% of fixed-for-floating IRS, 95.1% of FRA, 66.7% of OIS and 22.2% of other IRD traded notional was cleared in the nine months to September 30, 2021.

- SEF-traded IRD represented 68.4% of total traded notional and 66.9% of total trade count. 73.8% of fixed-for-floating IRS, 92.4% of FRA, 41.0% of OIS and 35.8% of other IRD traded notional was executed on SEFs.
- IRD contracts denominated in US dollars accounted for 55.2% of total IRD traded notional and 44.6% of total trade count. Euro-denominated transactions accounted for 20.6% of total traded notional and 19.7% of trade count. Sterling-denominated transactions made up 12.5% and 9.5% of total IRD traded notional and trade count, respectively.
- Fixed-for-floating IRS traded notional denominated in US dollars increased by 84.2% compared to the nine months to September 30, 2020, while US dollar-denominated FRAs and OIS decreased by 54.5% and 38.1%, respectively. Euro-denominated IRS and FRA traded notional rose by 38.7% and 111.9%, respectively, while euro-denominated OIS fell by 36.9%. Sterling-denominated IRS traded notional climbed by 11.7%, while sterling-denominated FRA and OIS traded notional decreased by 34.5% and 16.1%, respectively.

Credit Derivatives

Credit derivatives traded notional increased by 17.7% and trade count decreased by 2.6% in the third quarter of 2021 compared to the third quarter of 2020². Traded notional increased across all major indices, including CDX HY, CDX IG and iTraxx Europe.

In the nine months to September 30, 2021, credit derivatives traded notional and trade count decreased by 16.1% and 23.3%, respectively, compared to the same period in 2020.

In the third quarter of 2021:

- Credit derivatives traded notional increased to \$2.1 trillion in the third quarter of 2021 versus \$1.8 trillion in the third quarter of 2020. Trade count fell to 52.1 thousand from 53.5 thousand over the same period.
- CDX HY traded notional grew by 9.2% to \$371.5 billion in the third quarter of 2021 from \$340.2 billion in the third quarter of 2020. CDX IG traded notional rose by 9.9% to \$765.1 billion from \$695.9 billion. iTraxx Europe traded notional increased by 32.4% to \$427.5 billion from \$322.9 billion.
- CDX HY and CDX IG represented 17.4% and 35.7% of total credit derivatives traded notional and 29.5% and 24.6% of total trade count, respectively. iTraxx Europe accounted for 20.0% of total credit derivatives traded notional and 14.2% of total trade count.
- Cleared credit derivatives transactions made up 81.1% of total traded notional and 84.2% of total trade count in the third quarter of 2021. 97.8% of CDX HY, 98.2% of CDX IG, 95.7% of iTraxx Europe and 36.9% of other credit derivatives traded notional was cleared.
- SEF-traded credit derivatives comprised 79.9% of total traded notional and 83.2% of total trade count. 96.9% of CDX HY, 96.9% of CDX IG, 93.9% of iTraxx Europe and 36.0% of other credit derivatives traded notional was executed on SEFs.
- Credit derivatives contracts denominated in US dollars represented 66.6% of total traded notional and 68.8% of total trade count. Euro-denominated transactions accounted for 33.1% and 30.6% 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

Year-to-September 30, 2021:

- Credit derivatives traded notional decreased to \$6.7 trillion in the nine months to September 30, 2021 from \$8.0 trillion in the nine months to September 30, 2020. Trade count dropped to 170.8 thousand from 222.7 thousand over the same period.
- CDX HY traded notional declined by 23.2% to \$1.1 trillion in the nine months to September 30, 2021 from \$1.4 trillion in the first nine months of 2020. CDX IG traded notional decreased by 26.0% to \$2.4 trillion from \$3.2 trillion. iTraxx Europe traded notional grew by 4.0% to \$1.4 trillion in the nine months to September 30, 2021.
- CDX HY and CDX IG represented 15.9% and 35.8% of total credit derivatives traded notional and 27.8% and 25.0% of total trade count, respectively. iTraxx Europe accounted for 21.6% of total credit derivatives traded notional and 15.3% of total trade count.
- Cleared credit derivatives transactions comprised 80.6% of total traded notional and 83.9% of total trade count. 96.7% of CDX HY, 97.0% of CDX IG, 93.6% of iTraxx Europe and 38.6% of other credit derivatives traded notional was cleared.
- SEF-traded credit derivatives made up 80.0% of total traded notional and 83.4% of total trade count. 96.4% of CDX HY, 96.4% of CDX IG, 92.8% of iTraxx Europe and 38.0% of other credit derivatives traded notional was executed on SEFs.
- Credit derivatives contracts denominated in US dollars represented 64.4% of total traded notional and 65.9% of total trade count. Euro-denominated transactions accounted for 35.3% and 33.6% of total traded notional and trade count, respectively.



ISDA has published other recent research papers:

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

<https://www.isda.org/a/waKgE/ISDA-Clarus-RFR-Adoption-Indicator-2021-09.pdf>

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

<https://www.isda.org/a/H0igE/Interest-Rate-Derivatives-Trading-Activity-Reported-in-EU-UK-and-US-Markets-July-2021.pdf>

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

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

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

Today, ISDA has over 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](#).