

# SwapsInfo Third Quarter of 2019 and Year-to- September 30, 2019 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, non-cleared, swap execution facility (SEF) and off-SEF traded notional, product taxonomy and currency.

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 those trades required to be disclosed under US regulations.

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## KEY HIGHLIGHTS FOR THE THIRD QUARTER OF 2019 AND YEAR-TO-SEPTEMBER 30, 2019

### Interest Rate Derivatives

IRD traded notional and trade count continued to increase in the third quarter of 2019. IRD traded notional and trade count rose by 28.2% and 33.7%, respectively, compared with the third quarter of 2018. Single currency fixed-for-floating interest rate swaps (IRS) traded notional increased by 17.7%, and forward rate agreements (FRAs) and overnight index swaps (OIS) traded notional grew by 21.5% and 67.7%, respectively, in the third quarter of 2019 compared to the third quarter of 2018.

In the nine months to September 30, 2019, IRD traded notional and trade count rose by 15.2% and 14.8%, respectively, compared to the first nine months of 2018.

In the third quarter of 2019:

- IRD traded notional rose to \$69.0 trillion from \$53.9 trillion in the third quarter of 2018. Trade count grew to 405,799 from 303,615 over the same period. Single currency fixed-for-floating IRS traded notional increased to \$18.7 trillion from \$15.9 trillion. FRA traded notional rose to \$22.7 trillion from \$18.7 trillion, and OIS traded notional increased to \$19.6 trillion from \$11.7 trillion in the third quarter of 2018.
- Single currency fixed-for-floating IRS accounted for 64.9% of total IRD trades but represented only 27.1% of IRD traded notional. FRAs and OIS represented 32.9% and 28.5% of traded notional and 13.8% and 6.4% of total trade count, respectively.
- Cleared IRD transactions represented 90.0% of total traded notional and 83.4% of trade count. 95.9% of fixed-for-floating IRS, 99.5% of FRA, 97.0% of OIS and 31.2% of other IRD traded notional was cleared in the third quarter of 2019.
- SEF-traded IRD represented 55.4% of total traded notional and 60.9% of trade count. About 58.4% of fixed-for-floating IRS, 78.4% of FRA, 32.9% of OIS and 37.7% of other IRD traded notional was executed on SEFs in the third quarter of 2019.

- IRD contracts denominated in US dollars comprised 66.9% of traded notional and 53.2% of trade count. Euro-denominated transactions accounted for 14.8% of traded notional and 16.9% of trade count.
- Fixed-for-floating IRS, FRA and OIS contracts denominated in US dollars increased by 18.7%, 28.2% and 56.9%, respectively, compared with the third quarter of 2018. Euro-denominated IRS, FRAs and OIS increased by 22.6%, 12.8% and 176.6%, respectively.

#### Year-to-September 30, 2019:

- IRD traded notional increased to \$207.0 trillion from \$179.6 trillion in the nine months to September 30, 2018. Trade count grew to 1,152,640 from 1,004,141. Single currency fixed-for-floating IRS traded notional increased to \$57.5 trillion from \$53.8 trillion. FRA traded notional rose to \$73.4 trillion from \$61.2 trillion, and OIS traded notional increased to \$52.1 trillion from \$39.8 trillion in the nine months to September 30, 2018.
- Single currency fixed-for-floating IRS accounted for 63.6% of total IRD trades but represented only 27.8% of IRD traded notional in the nine months to September 30, 2019. FRAs and OIS represented 35.5% and 25.2% of traded notional and 15.9% and 6.0% of total trade count, respectively.
- Cleared IRD transactions represented 89.3% of total traded notional, compared with 87.9% in the first nine months of 2018. 95.9% of fixed-for-floating IRS, 99.5% of FRA, 96.0% of OIS and 27.1% of other IRD traded notional was cleared in the nine months to September 30, 2019.
- SEF-traded swaps represented 57.7% of total traded notional, compared with 56.8% in the nine months to September 30, 2018. 58.7% of fixed-for-floating IRS, 81.1% of FRA, 32.7% of OIS and 37.6% of other IRD traded notional was executed on SEFs in the nine months to September 30, 2019.
- IRD contracts denominated in US dollars comprised 66.7% of traded notional and 53.5% of trade count. Euro-denominated transactions accounted for 13.3% of traded notional and 15.3% of trade count.

## Credit Derivatives

Credit derivatives traded notional and trade count increased by 23.4% and 20.0%, respectively, in the third quarter of 2019 compared with the third quarter of 2018. There was more trading activity across all major indices, including CDX HY, CDX IG and iTraxx Europe.

In the nine months to September 30, 2019, credit derivatives traded notional decreased by 2.0%, while trade count increased by 2.0%, compared to the first nine months of 2018. The decline was mainly driven by a decrease in iTraxx Europe traded notional.

In the third quarter of 2019:

- Credit derivatives traded notional increased to \$2.3 trillion from \$1.9 trillion in the third quarter of 2018. Trade count rose to 61,103 from 50,922 over the same period. CDX HY traded notional increased by 48.5% to \$387.0 billion from \$260.6 billion in the third quarter of 2018. CDX IG traded notional increased by 51.6% to \$902.9 billion from \$595.4 billion in the third quarter of 2018. iTraxx Europe traded notional grew by 21.8% to \$452.2 billion from \$371.2 billion in the third quarter of 2018.
- CDX HY and CDX IG represented 16.6% and 38.6% of traded notional and 29.2% and 25.9% of total trade count, respectively. iTraxx Europe accounted for 19.3% of total credit derivatives traded notional and 15.3% of total trade count.
- Cleared transactions represented 81.3% of total traded notional and 82.5% of trade count. 97.4% of CDX HY, 99.0% of CDX IG, 91.5% of iTraxx Europe and 36.3% of other credit derivatives traded notional was cleared.
- SEF-traded credit derivatives represented 78.4% of total traded notional and 79.7% of trade count. 96.9% of CDX HY, 98.0% of CDX IG, 88.4% of iTraxx Europe and 29.0% of other credit derivatives traded notional was executed on SEFs.
- Credit derivatives contracts denominated in US dollars represented 70.1% of total traded notional and 71.6% of trade count. Euro-denominated transactions accounted for 29.5% and 27.7% of traded notional and trade count, respectively.

## Year-to-September 30, 2019:

- Credit derivatives traded notional decreased to \$6.7 trillion from \$6.8 trillion in the nine months to September 30, 2018. Trade count grew to 182,831 from 179,178 over the same period. CDX HY traded notional rose by 5.6% to \$1.1 billion from \$1.0 billion in the first nine months of 2018, and CDX IG traded notional grew by 12.1% to \$2.5 trillion from \$2.3 trillion over the same period. iTraxx Europe traded notional decreased by 11.1% to \$1.2 trillion in the nine months to September 30, 2019 from \$1.3 trillion in the nine months to September 30, 2018.
  - CDX HY and CDX IG represented 16.5% and 37.7% of traded notional and 28.8% and 24.9% of total trade count, respectively. iTraxx Europe accounted for 17.8% of total credit derivatives traded notional and 13.6% of total trade count.
  - Cleared transactions represented 80.8% of total traded notional. 97.7% of CDX HY, 98.9% of CDX IG, 93.3% of iTraxx Europe and 38.6% of other credit derivatives traded notional was cleared.
  - SEF-traded credit derivatives represented 77.5% of total traded notional. 97.0% of CDX HY, 98.0% of CDX IG, 90.0% of iTraxx Europe and 30.3% of other credit derivatives traded notional was executed on SEFs.
  - Credit derivatives contracts denominated in US dollars represented 70.5% of traded notional and 72.1% of trade count. Euro-denominated transactions accounted for 29.0% and 27.3% of traded notional and trade count, respectively.
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ISDA has published other recent research papers:

- ***Global Credit Defaults Swaps Market Study, September 2019***

<https://www.isda.org/a/JUPTTE/Global-CDS-Market-Study.pdf>

- ***Interest Rate Benchmarks Review: Second Quarter of 2019 and First Half of 2019, July 2019***

<https://www.isda.org/a/J2qME/Interest-Rate-Benchmarks-Review-Q2-2019-and-1H-2019.pdf>

- ***SwapsInfo First Half of 2019 and Second Quarter of 2019 Review, July 2019***

<https://www.isda.org/a/ssqME/SwapsInfo-1H-and-Q2-of-2019-Review-Full.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 900 member institutions from 71 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 web site: [www.isda.org](http://www.isda.org). Follow us on Twitter @ISDA.