E
M
T
A

405 Lexington Avenue
Suite 5304.
New York, NY 10174

646 676 4293

Contact: Jonathan Murno
EMTA
jmurno@emta.org

For Immediate Release

EMTA SURVEY:
QUARTERLY EMERGING MARKETS DEBT TRADING AT US$1.132 TRILLION

Volumes Decline 17% on Year-on-Year Basis

NEW YORK, September 19, 2017—Emerging Markets debt trading volumes stood at US$1.132 trillion in the second quarter of 2017, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading and investment industry. This compares with US$1.357 trillion reported for the second quarter of 2016, a 17% decrease, and down 14% from US$1.323 trillion reported in the first quarter.

Eric Fine, Managing Director and Portfolio Manager at Van Eck, noted that, "While the decline in 2Q volume was sharp, overall volumes are still within the ranges of recent quarters." He speculated that inflows into passive ETF strategies might be affecting trading; "whether 2Q is wholly explained by that, I'm not sure, but it is reasonable to see declining volumes as passive funds receive inflows at the expense of active funds."

Local Markets Instruments at 57% of Volume

Turnover in local markets instruments stood at US$641 billion in the second quarter, accounting for 57% of total reported volume. This compares to US$848 billion in the second quarter of 2016, a 24% decrease, and US$722 billion in the first quarter, representing an 11% percent decrease.

Brazilian instruments were the most frequently traded local markets debt in the second quarter, at US$120 billion. Other frequently-traded local instruments were those from Mexico (US$111 billion), South Africa (US$76 billion), India (US$71 billion) and China (US$41 billion).

Eurobond Volumes at US$489 Billion

Eurobond trading stood at US$489 billion in the second quarter, down 2% compared with second quarter 2016's US$497 billion, while down 17% vs. US$590 billion in the first quarter.

53% of Eurobond activity involved sovereign debt issues in the second quarter with Survey participants reporting US$258 billion in sovereign Eurobond turnover. This compared to a 56% share of Eurobond activity in the previous quarter, when such volumes stood at US$331 billion.

Corporate Eurobond trading stood at US$192 billion in the second quarter, accounting for 39% of total Eurobond activity (vs. a 37% share in the previous quarter). Sovereign Eurobond activity accounted for 23% of overall Survey volumes, with corporate trading at 17% of total turnover.

The most frequently traded individual EM Eurobonds in the quarter included Brazil's 2025 bond (US$3.8 billion in turnover), Petrobras' 2027 and 2021 bonds (US$3.8 billion and US3.2 billion respectively), Argentina's 2026 bond (US$3.1 billion), and Brazil's 2026 bond (US$3 billion).

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options and loans. Survey participants reported US$2 billion in warrant and option trades during the quarter and US$143 million in loan assignments. EMTA discontinued tracking of Brady bond trades in 2017 due to their minimal volumes.

Brazilian, Mexican, and Chinese Instruments Most Frequently Traded Overall

Brazilian instruments were the most frequently traded instruments overall, according to Survey participants, with US$169 billion in turnover. This represented a 9% increase from the US$155 billion reported in the second quarter of 2016, while down 16% vs. first quarter volumes of US$202 billion. Brazilian volumes represented 15% of overall volumes.

Mexican instruments were the second most frequently traded instruments in the EMTA report, also at US$149 billion, according to Survey participants. This represents a 31% decrease on the US$216 billion reported in the second quarter last year and a 26% decrease on first quarter volumes of US$202 billion. Mexican volumes accounted for 13% of total reported volumes.

Third were Chinese assets, whose volume stood at US$97 billion. This compares to US$98 billion in the second quarter of 2016, a 1% decrease, while up 1% vs. first quarter volume of US$95 billion. Chinese instrument trading accounted for 8% of Survey volume.

Other frequently traded instruments were securities from South Africa (US$87 billion) and India (US$76 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 45 leading investment and commercial banks, asset management firms and hedge funds.

EMTA recently reported that participants in a similar survey for the CDS markets (although limited in scope to 13 EMTA Board firms) had reported US$261 billion in EM CDS volumes in the second quarter of 2017, down 9% compared to US$286 billion in CDS volume reported in the second quarter of 2016, and 35% below first quarter volume of US$404 billion.

For a copy of EMTA's Second Quarter 2017 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org

******

NOTE TO EDITORS:

Founded in 1990, EMTA (formerly the Emerging Markets Traders Association) is a not-for-profit corporation dedicated to promoting the orderly development of fair, efficient and transparent trading markets for Emerging Markets instruments, and the integration of the Emerging Markets into the global financial marketplace. EMTA, with over 170 member firms worldwide, has published its Annual Volume Surveys since 1992 and Quarterly Surveys since the first quarter of 1997.

Participants in the EMTA Survey are asked to report trades based on aggregate principal amount (face value), rather than the consideration paid, and no effort is made to adjust for duplicate volumes that may be reported by each side of a trade. In these respects, the Survey's methodology has been the same since its inception.