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For Immediate Release

EMTA SURVEY:
FIRST QUARTER EMERGING MARKETS DEBT TRADING AT US$1.280 TRILLION

Volumes Down 3% on Year-on-Year Basis

NEW YORK, June 20, 2018 — Emerging Markets debt trading volumes stood at US$1.280 trillion in the first quarter of 2018, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading and investment industry. This compares with US$1.323 trillion reported for the first quarter of 2017, a 3% decrease, while up 12% from US$1.147 trillion reported in the fourth quarter of 2017.

“The first quarter of 2018 capped a 16-month post US-election run of impressive EM performance, particularly in local markets,” observed Jane Brauer, Director and EM Sovereign Strategist at Bank of America Merrill Lynch. Brauer explained that, “Going into the first quarter, while US rates were rising, at the time, EM debt and other credit markets appeared to be immune to global risks affecting equity.”

Local Markets Instruments at 53% of Volume

Turnover in local markets instruments stood at US$684 billion in the first quarter of 2018, accounting for 53% of total reported volume. This compares to US$722 billion in the first quarter of 2017, a 5% decrease, and to US$648 billion in the fourth quarter of 2017, a 5% increase.

Brazilian instruments were the most frequently traded local markets debt in the first quarter of 2018, at US$105 billion. Other frequently-traded local instruments were those from South Africa (US$94 billion), Mexico (US$89 billion), India (US$66 billion) and China (US$55 billion).

Eurobond Volumes at US$590 Billion

Eurobond trading stood at US$590 billion in the first quarter of 2018, equal to the amount reported in the first quarter of 2017, while a 21% increase on the US$488 billion reported in the fourth quarter of 2017.

59% of Eurobond activity involved sovereign debt issues in the first quarter, with Survey participants reporting US$351 billion in sovereign Eurobond turnover. This equaled the 59% share of Eurobond activity in the previous quarter, when such volumes stood at US$288 billion.

Corporate Eurobond trading stood at US$220 billion in the first quarter of 2018, accounting for 37% of total Eurobond activity (vs. a 38% share in the prior quarter). Sovereign Eurobond activity accounted for 27% of overall Survey volumes, with corporate trading at 17% of total turnover.

The most frequently traded Eurobonds in the first quarter, according to Survey participants, were Argentina's 2048 and 2028 issues, both at US$5.9 billion in turnover. Other frequently traded bonds include Russia's 2047 (at US$5.7 billion), Mexico's 2028 bond (US$4.7 billion in turnover), and Brazil's 2047 bond (US$4.2 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$6 billion in warrant and option trades and minimal (US$46 million) loan assignments.

Brazilian, Mexican and South African Instruments Most Frequently Traded Overall

Brazilian instruments were the most frequently traded instruments overall, according to Survey participants, with US$158 billion in turnover. This compared to US$202 billion reported in the first quarter of 2017 (down 22%), while up 16% vs. US$136 billion reported in the fourth quarter. Brazilian volumes represented 12% of overall volumes.

Mexican instruments were the second most frequently traded instruments in the EMTA report, at US$143 billion, according to Survey participants. This represents a 29% decline on first quarter 2017 volume of US$202 billion and down 35% compared to the US$222 billion reported in the fourth quarter. Mexican volumes accounted for 11% of total reported volumes.

Third were South African assets, whose volume stood at US$109 billion. This compares to US$89 billion in the first quarter of 2017 (up 23%) and US$99 billion in the fourth quarter (up 11%). South African instrument trading accounted for 8% of Survey volume.

Other frequently traded instruments were securities from China (US$108 billion) and Argentina (US$89 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 43 leading investment and commercial banks, asset management firms and hedge funds.

For a copy of EMTA's First Quarter 2018 Emerging Markets Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org.

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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 180 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.