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For Immediate Release

EMTA SURVEY:
SECOND QUARTER EMERGING MARKETS DEBT TRADING AT US$1.327 TRILLION

Volumes Up 17% on Year-on-Year Basis

NEW YORK, September 10, 2018 — Emerging Markets debt trading volumes stood at US$1.327 trillion in the second 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$1.132 trillion reported for the second quarter of 2017, a 17% increase, while also up 4% from US$1.280 trillion reported in the first quarter of 2018.

Dirk Willer, Global Head of EM Strategy at Citi noted that, "the spike in volumes was largely driven by Mexico, as investors positioned for the July 1st Mexican election during the second quarter."

Local Markets Instruments at 62% of Volume

Turnover in local markets instruments stood at US$821 billion in the second quarter of 2018, accounting for 62% of total reported volume. This compares to US$641 billion in the second quarter of 2017, a 28% increase, and to US$684 billion in the first quarter of 2018, a 20% increase.

Mexican instruments were the most frequently traded local markets debt in the second quarter of 2018, at US$195 billion. Other frequently-traded local instruments were those from Brazil (US$117 billion), South Africa (US$91 billion), India (US$86 billion) and China (US$55 billion).

Eurobond Volumes at US$497 Billion

Eurobond trading stood at US$497 billion in the second quarter of 2018, a 2% increase on the US$489 billion reported in the second quarter of 2017, while a 16% decrease on the US$590 billion reported in the first quarter of 2018.

61% of Eurobond activity involved sovereign debt issues in the second quarter, with Survey participants reporting US$302 billion in sovereign Eurobond turnover. This compares with a 59% share of Eurobond activity in the previous quarter, when such volumes stood at US$351 billion.

Corporate Eurobond trading stood at US$187 billion in the second quarter of 2018, accounting for 38% of total Eurobond activity (vs. a comparable share in the prior quarter). Sovereign Eurobond activity accounted for 23% of overall Survey volumes, with corporate trading at 14% of total turnover.

The most frequently traded Eurobonds in the second quarter, according to Survey participants, were Argentina's 2028 and 2048 issues, at US$5.8 billion and US$4.8 billion, respectively. Other frequently traded bonds include Qatar's 2048 bond (at US$4.8 billion), Mexico's 2028 bond (US$4.7 billion in turnover), and Argentina's 2026 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$8 billion in warrant and option trades and minimal (US$179 million) loan assignments.

Mexican, Brazilian and South African Instruments Most Frequently Traded Overall

Mexican instruments were the most frequently traded instruments overall, according to Survey participants, with US$254 billion in turnover. This compared to US$149 billion reported in the second quarter of 2017 (up 70%), and up 77% vs. US$143 billion reported in the first quarter. Mexican volumes represented 19% of overall volumes.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US$162 billion, according to Survey participants. This represents a 4% decline on second quarter 2017 volume of US$170 billion and up 3% compared to the US$158 billion reported in the first quarter. Brazilian volumes accounted for 12% of total reported volumes.

Third were South African assets, whose volume stood at US$104 billion. This compares to US$87 billion in the second quarter of 2017 (up 19%) and US$109 billion in the first quarter (down 5%). South African instrument trading accounted for 8% of Survey volume.

Other frequently traded instruments were securities from India (US$92 billion) and Argentina (US$91 billion).

Looking forward, Willer noted that many hedge positions for the Mexican elections have subsequently been unwound in the third quarter, “which bodes well for strong volumes in the early part of Q3.”

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.

For a copy of EMTA’s Second 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.