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For Immediate Release

**EMTA SURVEY:  
THIRD QUARTER 2001 EMERGING MARKETS DEBT TRADING  
UP TO US\$885 BILLION**

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***Speculation on Argentine Economy Fuels Volume***

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**NEW YORK, November 7, 2001**—Trading in Emerging Markets debt instruments reached its second highest quarterly level in three years in the third quarter of 2001, at US\$885 billion, according to EMTA's just-released Third Quarter 2001 Debt Trading Volume Survey. This represents a 2% increase from the US\$864 billion reported in the second quarter of 2001, and a 24% increase from third quarter 2000 trading of US\$712 billion.

EMTA noted that volume in the first three quarters of 2001 totaled US\$2.661 trillion, only 6% less than total trading in all of 2000 (US\$2.846 trillion). Market participants reported that trading surged in July and August, before dropping dramatically in the aftermath of the September 11 terrorist attacks when the Emerging Markets debt industry followed other financial markets in closing and subsequently holding shortened trading days.

Jonathan Bayliss, Managing Director and Global Head of Quantitative Strategy at J.P. Morgan, noted that third quarter volumes were fueled by the “roller coaster ride in Argentina.” Bayliss added, “In July, the Argentine EMBI+ sub-index dived 21% on the flight of 8% of the deposit base, while in August there was panic short-covering following the announcement of a new IMF facility and the prospect of a bond exchange.”

### ***Mexican Volumes Remain Most Frequently Traded***

Volumes in Mexican debt instruments continued to be the most frequently traded Emerging Markets debt instruments for the fourth consecutive quarter. Mexican turnover stood at US\$298 billion, up 14% vs. US\$262 billion in the second quarter of 2001 (and a 74% increase compared to US\$171 billion in the third quarter of 2000). Analysts commented that, since market speculation about Argentina's financial health intensified in the final quarter of last year, many dedicated investors have seen Mexican debt as a "safe haven." However, Bayliss noted "there was also a heavy sell-off of Mexican debt by high-grade crossover investors in the third quarter, which we believe was largely due to concerns of Argentine contagion fears." Mexico is one of the most widely held Emerging Markets assets, in part due to its investment grade rating from Moody's, which allows greater numbers of investors to purchase and hold Mexican debt.

Brazilian debt volumes stood at US\$172 billion, down modestly from US\$178 billion in the previous quarter and US\$193 billion (an 11% decrease) in the third quarter of 2000. Bayliss commented that Brazilian volumes may have been boosted not only by investors speculating about the effects of Argentina on Brazil's financial health, but may also have benefited from buying from dedicated Emerging Markets investors fleeing Argentina. Brazil C-Bond trading, the industry benchmark, totaled US\$51 billion (vs. US\$63 billion in the second quarter).

Survey participants reported turnover of US\$87 billion in Argentine debt instruments, down 27% from the US\$119 billion and the US\$117 billion in the two previous quarters, but 20% higher than trading in the third quarter of 2000 (US\$73 billion). Following Argentina's US\$29 billion "mega swap," which offered investors new global bonds in exchange for a variety of Argentine local and external debt, trading in Argentine local instruments was at its lowest level since EMTA began compiling quarterly statistics in 1997, at US\$5 billion.

Russian volumes rose to US\$82 billion (up 6% from US\$77 billion in the second quarter and up 38% from third quarter 2000 volume of US\$59 billion) as investor sentiment vis-à-vis Russia continued to improve. Russia's 2030 bond accounted for US\$45 billion in trading, surpassed only by Brazilian C-Bond volume, or more than 5% of all Emerging Markets debt trading.

Turkish volumes remained at their lowest levels in recent years at US\$14 billion (down 16% from the previous quarter, while dropping 50% from the third quarter of 2000). Turnover in Turkish local debt was less than one-fifth of the levels reported in the same quarter last year.

### ***Local Markets Volume at US\$406 Billion; Eurobond Trading at US\$324 Billion***

Survey participants reported local instrument trading of US\$406 billion, or 46% of total volumes (vs. 39% shares in both the previous quarter and the third quarter of 2000). 61% of all local instrument trades involved Mexican instruments (US\$246 billion). Market participants also reported trading US\$31 billion in South African local debt, turnover of US\$21 billion in debt from Poland and Taiwan, and trading US\$16 billion in Singapore local debt.

Eurobond volumes stood at US\$324 billion (a 37% share of total volume, vs. a 38% share in the second quarter). Russian eurobonds remained the most frequently traded eurobonds (US\$73 billion), followed by eurobonds from Brazil (US\$70 billion), Argentina (US\$49 billion), Mexico (US\$43 billion) and Turkey (US\$11 billion). New eurobond issuance in the third quarter was limited, at only US\$8.3 billion according to J.P. Morgan. Of the few countries to tap the international capital markets during the quarter, volume was strongest in the debut issues from Egypt, whose new 2006 and 2011 eurobonds accounted for US\$5 billion in volume.

Brady Bond volume declined 28% to US\$120 billion from US\$166 billion in the second quarter, and its market share dropped to 14% from 19% in the previous quarter (and 23% in the third quarter of 2000). Participants reported US\$21 billion in option trading and US\$14 billion in loan turnover.

Looking forward, Bayliss believes market activity will continue to be strong. "The Argentine situation remains very delicate and we expect volatility and trading volumes to remain high," he stated.

For a copy of EMTA's Third Quarter 2001 Debt Trading Volume Survey, please contact Jonathan Murno at (212) 908-5000.

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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, which has over 100 member firms worldwide, has published its Volume Surveys annually since 1992 and quarterly since 1997.