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For Immediate Release

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EMTA SURVEY:
2000 ANNUAL VOLUME AT US$2.9 TRILLION, UP 30% FROM 1999 TRADING

Fourth Quarter 2000 Volume Stood at US$705 Billion

NEW YORK, February 7, 2001— Annual reported Emerging Markets debt trading stood at US$2.846 trillion in 2000, a 30% increase from the US$2.185 trillion reported in 1999 according to EMTA's just-released 2000 Survey of Emerging Markets Debt Trading. EMTA also announced that Survey participants reported US$705 billion in volume in the final quarter of 2000, a 44% increase from fourth quarter 1999 trading although volume was down one percent from the US$712 billion reported in the third quarter of 2000.

Despite the substantial increase in annual trading compared to 1999 volume, turnover remained less than half of that recorded in the industry's most liquid year, 1997, before industry contraction prompted by the Russian Crisis of 1998 as well as recent consolidation in the financial sector. Carl Ross, Senior Managing Director and Head of Emerging Markets Research at Bear Stearns, explained, "On the buy side, there is less leverage in the asset class and investors seem to have a somewhat longer term view. There is more willingness to hold on to positions. On the sell side, industry consolidation has reduced the number of liquidity providers, and has likely also reduced the overall number and size of proprietary trading positions."

Volume remained fairly even throughout the course of the year, with a high of US$749 billion in the first quarter and a low of US$681 billion in the second quarter.

Mexican Trading Surpasses Brazilian Trading in Fourth Quarter

On an annual basis, Brazilian volumes remained the most frequently traded instruments, at US$769 billion, down 4% from US$802 billion in 1999. However, for the first time in EMTA's quarterly surveys, volume in Brazilian debt instruments was surpassed by Mexican trading in the fourth quarter.

Fourth quarter Mexican volumes stood at US$221 billion (a 29% increase from third quarter volumes of US$171 billion), as investors focused on the transfer of power in the Mexican government from the PRI party for the first time in seven decades, and continued to speculate on a credit ratings upgrade by Standard & Poor's to match the investment grade rating awarded by Moody's in March 2000. Nearly 80% of Mexican volume was composed of trading in local instruments, most notably in turnover of Cetes (US$73 billion) and Pagares (US$45 billion). Boosted by volumes in the second half of the year, Mexican volume more than doubled on an annual basis, from 1999's US$313 billion to US$662 billion in 2000. On an annual basis, Mexican assets turnover accounted for 23% of total volume, their highest share of trading since 1993.

Ross noted, "Although it has a long way to go, Mexico is moving closer to a first world bond market. Its local treasury market is becoming a lot more active relative to its foreign debt. Extension of the local yield curve, relatively transparent monetary policy, and a stable currency make it attractive." In addition, he added that as a result of Mexico's investment grade rating from Moody's, "its investor base has expanded dramatically."

Survey participants reported that, in the fourth quarter, their Brazilian debt instrument trading stood at one of the lowest quarterly levels in the last four years at US$151 billion, down 22% from the US$193 billion reported in the third quarter. Market sources cited the relative lack of significant news from Brazil during the fourth quarter, in comparison with news events in other important Emerging Market countries. On an annual basis, 27% of all Emerging Markets debt trading involved Brazilian instruments (vs. a record high 37% in 1999).

Volume in Argentine assets increased after political uncertainty following the resignation of the vice president in October 2000 and concerns over lower economic growth led participants to speculate on the size and timing of an international rescue package, which was unveiled in mid-December. Fourth quarter Argentine volume stood at US$99 billion, boosting total 2000 volume to US$366 billion (a 15% increase from US$319 billion in 1999).

Russian volumes rebounded to US$241 billion, a 95% increase from the US$123 billion in 1999. Russian Prins were the fourth most frequently traded instrument in 2000 at US$61 billion, despite the fact that the vast majority of Prin loans were exchanged for new Eurobonds in the summer of 2000.

Other frequently traded debt instruments in 2000 included those of Turkey (US$122 billion), South Africa (US$101 billion), Hong Kong (US$98 billion), Venezuela (US$81 billion), South Korea (US$51 billion) and Poland (US$49 billion).

Local Instrument Trading at US$993 Billion in 2000

At US$993 billion, local market instruments accounted for the greatest share of Emerging Markets debt trading in 2000, at 35% of all trades (rising consistently throughout the year, from 24% in the first quarter to 43% in the final three months of the year). Over 41% of local instrument trades in 2000 included Mexican local instruments (US$412 billion); other frequently traded local instruments were those of Brazil (US$107 billion), Hong Kong, Turkey, Argentina and South Africa.

Eurobonds placed second at 33% of annual volume and US$936 billion, followed by once-dominant Brady bonds (a 25% share and US$712 billion in volume), options (4%, and US$106 billion) and loans (3% and US$99 billion).

One country which has shown consistent increases in volume levels since 1996 is Colombia, with Colombian debt instrument turnover rising to US$29 billion in 2000, more than twice the volume during the industry's peak liquidity years in 1996 and 1997. Ross noted, "Colombia used to be a buy-and-hold, safe haven country. Increasingly, however, it is being viewed as a trading vehicle."

As with most of his colleagues, Ross is expecting significant positive returns in the Emerging Markets debt market this year. "We are relatively bullish this year, based on a favorable outlook for fixed income products in general. We see a 12-15% total return for the market as a reasonable scenario."

For a copy of EMTA's Fourth Quarter 2000 and 2000 Annual Debt Trading Volume Surveys, please contact Jonathan Murno at (212) 908-5000.

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NOTE TO EDITORS:
Founded in 1990, 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 has over 100 member firms worldwide, and has published its Volume Surveys annually since 1992 and quarterly since the first quarter of 1997.