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For Immediate Release

EMTA SURVEY: FOURTH QUARTER EMERGING MARKETS DEBT TRADING AT US$1.269 TRILLION

2012 Annual Volume Down 15% to US$5.560 Trillion

NEW YORK, March 14, 2013—Emerging Markets debt trading volumes stood at US$1.269 trillion in the fourth quarter of 2012, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading industry. This compares with US$1.302 trillion in the fourth quarter of 2011, a 3% decrease, and US$1.296 trillion in the third quarter, a 2% decrease. EMTA noted that this was the lowest quarterly volume since the third quarter of 2009.

On an annual basis, reported trading totaled US$5.560 trillion in 2012. This represented a 15% decline from the US$6.506 trillion reported by market participants in 2011 (and US$6.765 trillion in 2010 volumes).

Local Market Instruments at 64% of Volume

Turnover in local markets instruments stood at US$813 billion in the fourth quarter, accounting for 64% of total reported volume. This compares to US$965 billion in the fourth quarter of 2011 (down 16%) and US$882 billion in the third quarter (down 8%).

“EMTA's survey of local market trading volume has declined, despite the pickup in inflows to local markets funds that started early in the quarter,” stated Jane Brauer, Senior Director and EM Debt Strategist at Bank of America Merrill Lynch. “Volume has been driven by country specifics--the drop is quite significant in Brazil where the Central Bank finished its easing cycle and volatility has declined, reducing the incentive for global investors to take a view on policy rates. In contrast, local market volume increased in Russia, where investors were trading in anticipation of OFZ's becoming Euroclearable early this year,” she noted.

Mexican instruments were the most frequently traded local markets debt, at US$144 billion. Other frequently-traded local instruments were those from Brazil (US$97 billion) and Russia (US$92 billion).

On an annual basis, reported local markets trading totaled US$3.726 trillion in 2012, 20% below the US$4.641 trillion transacted by Survey participants in 2011.

Eurobond Volumes at US$437 Billion

Eurobond trading stood at US$437 billion in the fourth quarter. This compares to US$304 billion in the fourth quarter of 2011 (a 44% increase) and US$407 billion in the third quarter (up 7%). Brauer observed that “the litigation and volatility in Argentina drove a large increase in sovereign Eurobond trading volume there, which is not likely to be sustained, while the increasing volume of new issues should continue to contribute to increases in corporate bond trading volume.”

53% of Eurobond activity involved sovereign debt issues in the fourth quarter, with Survey participants reporting US$232 billion in sovereign Eurobond turnover. This compares to a 52% share of Eurobond activity in the previous quarter, when such volumes stood at US$232 billion.

Corporate Eurobond trading stood at US$197 billion in the fourth quarter, accounting for 45% of total Eurobond activity (compared to 46% in the previous quarter). Sovereign Eurobond activity accounted for 18% of overall Survey volumes, with corporate trading at 16% of total turnover.

The most frequently traded individual EM Eurobonds during the quarter included Russia’s 2030 bond (US$9 billion in turnover), Argentina’s US Dollar-denominated Pars (US$5 billion), Brazil’s 2021 bond (US$4 billion), Argentina’s US Dollar-denominated Discounts (US$4 billion) and Ukraine’s 2017 bond (US$3 billion).

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options, loans and Brady bonds. Survey participants reported US$17 billion in warrant and option trades, US$1 billion in loan assignments and a mere US$1 million in Brady bond trades. These categories combined represented one percent of total volume.

Mexico, Russia and Brazil Instruments Most Frequently Traded

Mexican instruments were the most frequently traded instruments overall according to Survey participants, with US$174 billion in turnover. This compares with US$154 billion in the fourth quarter of 2011 (a 13% increase) and US$158 billion in the third quarter (up 10%). Mexican volumes accounted for 14% of total Survey trading.

Russian instruments were the second most frequently traded instruments in the EMTA report, at US$151 billion, according to Survey participants. This represents a 92% increase on the US$79 billion reported in the fourth quarter of 2011 and a 58% increase over third quarter volumes of US$96 billion. Russian volumes accounted for 12% of total reported volume.

Third were Brazilian assets, at US$143 billion in turnover. This compares to US$168 billion in the fourth quarter of 2011, a 15% decrease and a 42% decrease on third quarter's US$248 billion. Brazilian instrument trading accounted for 11% of Survey volume.

Other frequently traded instruments were securities from Poland (US$93 billion) and Turkey (US$85 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 53 leading investment and commercial banks, asset management firms and hedge funds.

EMTA recently reported that participants in a similar survey (although limited in scope to 12 EMTA Board firms) had reported US$142 billion in EM CDS volumes in the fourth quarter. This compares to US$234 billion in EM CDS contract volume in the fourth quarter of 2011 (representing a 39% decrease), and US$214 billion in third quarter 2012 volumes (a 33% decrease). On an annual basis, dealers reported trading US$809 billion in EM CDS trades in 2012. This compares to US$1.054 trillion in volume reported in 2011, a 23% decrease.

For a copy of EMTA's Fourth Quarter or 2012 Annual Debt Trading Volume Surveys, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413.

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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.