

Contact: Jonathan Murno
EMTA
+1 (646) 289-5413
jmurno@emta.org

For Immediate Release

**EMTA SURVEY:
FIRST QUARTER 2013 EMERGING MARKETS DEBT TRADING
AT US\$1.399 TRILLION**

Local Markets Trading 67% of EM Debt Trading

NEW YORK, June 13, 2013—Emerging Markets debt trading volumes stood at US\$1.399 trillion in the first quarter of 2013, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading industry. This compares with US\$1.582 trillion in the first quarter of 2012, a 12% decrease, and US\$1.269 trillion in the fourth quarter, a 10% increase.

Gunter Heiland, Managing Director and Co-Head of Long Only EM Debt at Gramercy, noted that the Survey also revealed a 3% increase in Central and Eastern European trading in the first quarter compared to first quarter 2012, while Latin volumes dropped 21%. “That is probably a reflection of growing stability in Europe, improved investor confidence and increased flows into that region,” he stated.

Local Market Instruments at 67% of Volume

Turnover in local markets instruments stood at US\$939 billion in the first quarter, accounting for 67% of total reported volume. This compares to US\$1.043 trillion in the first quarter of 2012 (down 10%) and US\$813 billion in the fourth quarter (up 16%).

Brazilian instruments were the most frequently traded local markets debt, at US\$216 billion. Heiland observed that, “While Brazil local market volume growth was positive on both a quarter-on-quarter and year-on-year basis, we would expect that to increase even more with the reduction of the IOF tax to zero.” Other frequently-traded local instruments

were those from Mexico (US\$90 billion), Turkey (US\$90 billion), Russia (US\$87 billion) and Poland (US\$73 billion).

Eurobond Volumes at US\$452 Billion

Eurobond trading stood at US\$452 billion in the first quarter. This compares to US\$531 billion in the first quarter of 2012 (a 15% decrease) and US\$437 billion in the fourth quarter (up 3%).

55% of Eurobond activity involved sovereign debt issues in the first quarter, with Survey participants reporting US\$249 billion in sovereign Eurobond turnover. This compares to a 53% share of Eurobond activity in the previous quarter, when such volumes stood at US\$232 billion.

Corporate Eurobond trading stood at US\$193 billion in the first quarter, accounting for 43% of total Eurobond activity (compared to 45% in the previous quarter). Sovereign Eurobond activity accounted for 18% of overall Survey volumes, with corporate trading at 14% of total turnover. "Going forward, we expect corporate trading volumes to increase due both to issuance and investor interest," Heiland affirmed.

The most frequently traded individual EM Eurobonds during the quarter included Russia's 2030 bond (US\$12 billion in turnover), Argentina's Euro-denominated Pars (US\$5 billion), Brazil's 2021 bond (US\$4 billion), Russia's 2042 bond (US\$4 billion) and Colombia's 2021 bond (US\$4 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 over US\$6 billion in warrant and option trades, US\$500 million in loan assignments and US\$750 million in Brady bond trades. These categories combined represented one percent of total volume.

Brazil, Russia and Mexico Instruments Most Frequently Traded

Brazilian instruments were the most frequently traded instruments overall according to Survey participants, with US\$264 billion in turnover. This compares with US\$250 billion in the first quarter of 2012 (a 6% increase) and US\$143 billion in the fourth quarter (up 84%). Brazilian volumes accounted for 19% of total Survey trading.

Russian instruments were the second most frequently traded instruments in the EMTA report, at US\$139 billion, according to Survey participants. This represents a 7% increase on the US\$130 billion reported in the first quarter of 2012 and an 8% decrease over fourth quarter volumes of US\$151 billion. Russian volumes accounted for 10% of total reported volume.

Third were Mexican assets, at US\$130 billion in turnover. This compares to US\$231 billion in the first quarter of 2012, a 44% decrease and a 25% decrease on fourth quarter's US\$174 billion. Mexican instrument trading accounted for 9% of Survey volume.

Other frequently traded instruments were securities from Turkey (US\$114 billion) and Poland (US\$82 billion). Argentine volumes (US\$38 billion), the tenth most frequently traded instruments, dropped on both a quarter-on-quarter and year-on-year basis as US court rulings on its external debt continued to favor plaintiffs.

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 52 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\$212 billion in EM CDS volumes in the first quarter. This compared to US\$235 billion in reported Emerging Markets CDS contract volume in the first quarter of 2012 (representing a 10% decrease), and US\$142 billion in fourth quarter volumes (a 49% increase).

For a copy of EMTA's First Quarter 2013 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413.

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.