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For Immediate Release

EMTA SURVEY:
FIRST QUARTER EMERGING MARKETS DEBT TRADING TICKS UP TO US$1.589 TRILLION

Volumes Up 14% Compared to First Quarter 2013

NEW YORK, June 18, 2014—Emerging Markets debt trading volumes increased to US$1.589 trillion in the first quarter of 2014, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading industry. This compares with US$1.399 trillion reported for the first quarter of 2013 (a 14% increase) and US$1.32 trillion for the fourth quarter (an increase of over 20%).

"The headline increase in trading volumes disguises a significant shift in the underlying composition of activity," stated Will Oswald, Global Head, Fixed Income, Currencies and Commodities Research at Standard Chartered in Singapore. "Overall, this Survey paints an encouraging picture of a market in which activity remains robust, and where there are specific risks to trade," he stated.

Local Markets Instruments at 62% of Volume

Turnover in local markets instruments stood at US$984 billion in the first quarter, accounting for 62% of total reported volume. This compares to US$939 billion in the first quarter of 2013, a 5% increase and US$857 billion in the fourth quarter, representing a 15% increase.

Mexican instruments were the most frequently traded local markets debt in the first quarter, at US$225 billion. Oswald noted that there was "continued involvement by market participants in local Mexican bonds, as reforms continue to attract interest." Other frequently-traded local instruments were those from India (US$98 billion), Brazil (US$91 billion), South Africa (US$55 billion) and Singapore (US$53 billion).

Eurobond Volumes at US$596 Billion

Eurobond trading stood at US$596 billion in the first quarter, up 32% compared with first quarter 2013's US$452 billion and up 30% vs. US$458 billion in the fourth quarter.

51% of Eurobond activity involved sovereign debt issues in the first quarter of 2014, with Survey participants reporting US$302 billion in sovereign Eurobond turnover. This compares to a 57% share of Eurobond activity in the previous quarter, when such volumes stood at US$262 billion.

Corporate Eurobond trading stood at US$250 billion in the first quarter, accounting for 42% of total Eurobond activity (compared to 41% in the previous quarter). Sovereign Eurobond activity accounted for 19% of overall Survey volumes, with corporate trading at 16% of total turnover. Oswald noted that "the increased activity in corporate bonds signals the continued emergence of this important asset class, even as many sovereign bond markets – both in local and hard currency – saw lower activity."

The most frequently traded individual EM Eurobonds in the first quarter included Russia's 2030 bond (US$26 billion in turnover), Indonesia's 2044 bond (US$5.3 billion), Ukraine's 2017 bond (US$4.8 billion), Indonesia's 2024 bond (US$4.6 billion) and Russia's 2023 bond (also US$4.2 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$9 billion in warrant and option trades during the year, US$200 million in loan assignments and—for the first time in the Survey's 17-year history—no trading of the few remaining Brady bonds, instruments that played a crucial role in the EM industry's birth two decades ago.

Mexico, Brazil and Russia Instruments Most Frequently Traded

Mexican instruments were the most frequently traded instruments overall, according to Survey participants, with US$273 billion in turnover. This compares with US$130 billion in the first quarter of 2013 (a 111% increase) and up 62% vs. fourth quarter volumes of US$169 billion. Mexican volumes accounted for 17% of total Survey trading, compared to 13% in the previous quarter.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US$148 billion, according to Survey participants. This represents a 44% decrease on the US$264 billion reported in the first quarter last year and a 30% decline on fourth quarter volumes of US$213 billion. Brazilian volumes accounted for 9% of total reported volume (down from 16% in the prior quarter).

Third were Russian assets, at US$137 billion in turnover. This compares to US$139 billion in the first quarter of 2013, a 2% decrease, while representing at 76% increase on fourth quarter volume of $77 billion. Russian instrument trading accounted for 9% of Survey volume.

Other frequently traded instruments were securities from India (US$105 billion) and Hong Kong (US$83 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by approximately 50 leading investment and commercial banks, asset management firms and hedge funds.

EMTA recently reported that participants in a similar survey for the CDS markets (although limited in scope to 12 EMTA Board firms) had reported increases in trading. The CDS Survey's participants reported US$409 billion in EM CDS volumes in the first quarter of 2014. This compared to US$212 billion in EM CDS contract volume in the same quarter in 2013 (representing a 93% increase).

For a copy of EMTA's First Quarter 2014 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.