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For Immediate Release

EMTA SURVEY: THIRD QUARTER 2013 EMERGING MARKETS DEBT TRADING AT US$1.266 TRILLION

Volumes Down 2% vs. 3Q 2012

NEW YORK, December 18, 2013—Emerging Markets debt trading volumes stood at US$1.266 trillion in the third 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$1.296 trillion in the third quarter of 2012, a 2% decrease, and US$1.587 trillion in the second quarter, a 20% decrease.

"The 20% quarter-on-quarter decline of trading volumes in 3Q13 coincided with a drop of origination, particularly for corporate bonds, where new issuance fell 30% over the same timeframe," stated David Spegel, Global Head of Emerging Markets Strategy at ING Financial Markets. "As an increasingly high-grade asset class, EM bonds have consequently become more sensitive to the latest vagaries of the Treasury market, and it is clear that Fed timing concerns have taken their toll on volumes," he added.

Local Market Instruments at 65% of Volume

Turnover in local markets instruments stood at US$822 billion in the third quarter, accounting for 65% of total reported volume. This compares to US$882 billon in the third quarter of 2012 (down 7%) and US$1.036 trillion in the second quarter of this year (down 21%).

Mexican instruments were the most frequently traded local markets debt, at US$218 billion. Other frequently-traded local instruments were those from Brazil (US$154 billion), India (US$88 billion), South Africa (US$51 billion) and Russia (US$48 billion).

Eurobond Volumes at US$437 Billion

Eurobond trading stood at US$437 billion in the third quarter. This compares to US$407 billion in the third quarter of 2012 (a 7% increase) and US$544 billion in the second quarter (down 20%).

59% of Eurobond activity involved sovereign debt issues in the third quarter, with Survey participants reporting US$256 billion in sovereign Eurobond turnover. This compares to a 56% share of Eurobond activity in the previous quarter, when such volumes stood at US$307 billion.

Corporate Eurobond trading stood at US$172 billion in the third quarter, accounting for 39% of total Eurobond activity (compared to 41% in the previous quarter). Sovereign Eurobond activity accounted for 20% of overall Survey volumes, with corporate trading at 14% of total turnover.

The most frequently traded individual EM Eurobonds during the quarter included Russia's 2030 bond (US$18 billion in turnover), Ukraine's 2023 bond (US$4 billion), Brazil's 2023 bond (US$4 billion), Brazil's 2041 bond (US$3 billion) and Venezuela's 2027 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 over US$6 billion in warrant and option trades, US$800 million in loan assignments and a mere US$11 million in Brady bond trades. These categories combined represented less than one percent of total volume.

Mexico, Brazil and Russia Instruments Most Frequently Traded

Mexican instruments were the most frequently traded instruments overall according to Survey participants, with US$255 billion in turnover. This compares with US$158 billion in the third quarter of 2012 (a 61% increase) and US$195 billion in the second quarter (up 31%). Mexican volumes accounted for 20% of total Survey trading, compared to 12% in the previous quarter.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US$201 billion, according to Survey participants. This represents a 19% decrease on the US$248 billion reported in the third quarter of 2012 and an 11% decrease over second quarter volumes of US$225 billion. Brazilian volumes accounted for 16% of total reported volume (up from 14% in the prior quarter).

Third were Russian assets, at US$106 billion in turnover. This compares to US$96 billion in the third quarter of 2012, an 11% increase, but a 40% decrease on the second quarter's US$177 billion. Russian instrument trading accounted for 8% of Survey volume.

Other frequently traded instruments were securities from India (US$93 billion) and Turkey (US$78 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 49 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 13 EMTA Board firms) had reported increases in trading. The CDS Survey participants reported US$297 billion in EM CDS volumes in the third quarter. This compared to US$213 billion in reported EM CDS contract volume in the third quarter of 2012 (representing a 39% increase), and US$279 billion in second quarter volumes (a 7% increase).

For a copy of EMTA's Third Quarter 2013 Debt Trading Volume Survey, 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.