EMTA

360 Madison Ave., 17th fl.
New York, NY 10017

646 289- 5413

Contact: Jonathan Murno
EMTA
jmurno@emta.org

For Immediate Release

EMTA SURVEY:
QUARTERLY EMERGING MARKETS DEBT TRADING AT US$1.299 TRILLION

Volumes Rise 6% on Year-on-Year Basis

NEW YORK, June 16, 2016—Emerging Markets debt trading volumes stood at US$1.299 trillion in the first quarter of 2016, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading and investment industry. This compares with US$1.226 trillion reported for the first quarter of 2015, a 6% increase, while up 13% from US$1.152 trillion reported in the fourth quarter.

Gordian Kemen, Global Head of EM Fixed Income Strategy at Morgan Stanley, commented that the first quarter of 2016 was divided into two distinct periods. “Up to the middle of February, the market was very weak on fears of capital outflows from China, a Fed intent on multiple rate hikes, and low oil prices; and these factors weighed significantly on trading volumes. However, as the Fed turned decidedly more dovish, China fears abated, and oil prices rose, asset prices recovered in the second half of the quarter.” Kemen underscored that, “with the more positive market backdrop, as well as the eventual pick-up in EM bond issuance and with an increasing share of DM government bonds trading at negative yields, EM trading volumes rebounded later in the quarter as investors search for yield.”

Local Markets Instruments at 63% of Volume

Turnover in local markets instruments stood at US$819 billion in the first quarter, accounting for 63% of total reported volume. This compares to US$652 billion in the first quarter of 2015, a 26% increase, and US$740 billion in the fourth quarter, representing an 11% percent increase.

Mexican instruments were the most frequently traded local markets debt in the first quarter, at US$179 billion. Other frequently-traded local instruments were those from India

(US$167 billion), Brazil (US$74 billion), South Africa (US$65 billion) and China (US$61 billion).

Eurobond Volumes at US$471 Billion

Eurobond trading stood at US$471 billion in the first quarter, down 17% compared with first quarter 2015's US$571 billion, while up 16% vs. US$406 billion in the fourth quarter.

53% of Eurobond activity involved sovereign debt issues in the first quarter with Survey participants reporting US$249 billion in sovereign Eurobond turnover. This compared to a 54% share of Eurobond activity in the previous quarter, when such volumes stood at US$219 billion.

Corporate Eurobond trading stood at US$207 billion in the first quarter, accounting for 44% of total Eurobond activity (vs. a 42% share in the previous quarter). Sovereign Eurobond activity accounted for 19% of overall Survey volumes, with corporate trading at 16% of total turnover.

The most frequently traded individual EM Eurobonds in the quarter included Brazil's January 2025 bond (US$5.6 billion in turnover), Pemex's 2026 bond (US$4 billion), Brazil's 2045 bond (US$4 billion), Brazil's January 2021 bond (US$3.1 billion) and Argentina's USD Discount Bond (US$3.1 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$9 billion in warrant and option trades during the quarter, US$275 million in loan assignments and minimal trading of the industry's few remaining Brady bonds.

Mexican, Indian and Brazilian Instruments Most Frequently Traded Overall

Mexican instruments were the most frequently traded instruments overall, according to Survey participants, with US$234 billion in turnover. This represented an 11% decrease from the US$264 billion reported in the first quarter of 2015, while up 3% vs. fourth quarter volumes of US$227 billion. Mexican volumes represented 18% of overall volumes.

Indian instruments were the second most frequently traded instruments in the EMTA report, at US$176 billion, according to Survey participants. This represents a 278% increase on the US$47 billion reported in the first quarter last year and a 31% increase on fourth quarter volumes of US$135 billion. Indian volumes accounted for 14% of total reported volumes.

Third were Brazilian assets, whose volume stood at US$134 billion. This compares to US$188 billion in the first quarter of 2015, a 29% decrease, and a 4% increase on fourth quarter volume of US$128 billion. Brazilian instrument trading accounted for 10% of Survey volume.

Other frequently traded instruments were securities from China (US$97 billion) and South Africa (US$77 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 48 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 US$363 billion in EM CDS volumes in the first quarter of 2016, down 5% compared to US$383 billion in CDS volume reported in the first quarter of 2015, while representing a 43% jump compared to fourth quarter's US$254 billion.

For a copy of EMTA's First Quarter 2016 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.