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For Immediate Release

EMTA SURVEY: EMERGING MARKETS CDS TRADING AT US$487 BILLION IN FIRST QUARTER

NEW YORK, July 21, 2010—Trading in Emerging Markets Credit Default Swaps (CDS) stood at US$487 billion in the first quarter of 2010, according to a report released by EMTA, the trade association for the Emerging Markets debt trading and investment industry.

This represented a 103% increase on the US$239 billion in Emerging Markets CDS contracts reported to EMTA in the first quarter of 2009, and a 40% increase compared to fourth quarter 2009 volumes of US$349 billion.

EMTA collected data from 12 major international banks and broker-dealers on Emerging Market CDS contracts. Participants were asked to report their CDS volumes on 19 Emerging Markets countries and 10 EM corporate issuers.

Jane Brauer, Director and Senior Quantitative Strategist at Bank of America Merrill Lynch, commented, “What is significant about Emerging Markets CDS trading volume is that its rate of growth is much faster than EM hard currency Eurobonds; in fact, the trading volume of EM CDS in the first quarter surpassed that of EM hard currency bonds. Notwithstanding the regulatory overhang on derivatives, the recovery in CDS trading volume provides investors with greater hedging tools and the ability to increase EM exposure when bonds are in short supply.” She added, “there continues to be a shortage of broad based, attractive funding, which enhances the value of CDS relative to bonds.”

The most frequently traded sovereign CDS contract in the Survey was on Turkish sovereign CDS, at US$84 billion.   Survey participants also reported trading US$74 billion in Brazilian sovereign CDS contracts and US$57 billion in Mexican sovereign CDS.

The most frequently traded corporate CDS contracts included in the Survey were those on Gazprom (US$25 billion). Participants also reported volumes of US$12 billion in Pemex CDS and US$2 billion in Cemex CDS trades.

Michael Chamberlin, Executive Director of EMTA, noted that Survey was launched as a starting point to offer greater transparency in the Emerging Markets CDS market. “The data supplied by our EMTA Board firms provides a good surrogate for measuring trends in the overall market,” he stated.

For a copy of EMTA’s CDS First Quarter 2010 Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +44 (20) 7996-3165

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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 150 member firms worldwide, has published its Annual Volume Surveys of Debt Trading since 1992. EMTA begin publishing CDS volumes in 2009.