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For Immediate Release

EMTA SURVEY: EMERGING MARKETS DEBT TRADING AT US$1.363 TRILLION IN SECOND QUARTER OF 2005

Emerging Markets Debt Trading Remains at High Levels

NEW YORK, August 22, 2005—Emerging Markets debt trading stood at US$1.363 trillion in the second quarter of 2005, according to a survey released today by EMTA, the trade association for the Emerging Markets debt industry. In its report, EMTA noted that second quarter volume rose 37% vs. second quarter 2004 volume of US$997 billion, although it declined 4% from first quarter 2005 volume of US$1.417 trillion (which EMTA revised slightly from previously published first quarter totals).

Emerging Markets debt volume thus stood at US$2.779 trillion in the first half of 2005. This represents a 36% increase from the US$2.043 trillion traded in the first six months of last year.

Whitney Kane Gomez, Executive Director in Emerging Markets Strategy at Morgan Stanley, commented that “Given the volatility in Emerging Markets in the first quarter, it is not surprising to see the small drop-off in volumes in the second quarter as investors were in wait-and-see mode early in the quarter, after a considerable sell off in March.” Gomez specified that investor caution was largely due to “negative news from the US auto sector, questions about the growth outlook in the US, a Fed still very much in play and overall uncertainty about the global environment for risk appetite.”

Brazilian Volume Increases to US$432 Billion

EMTA’s Survey showed a large jump in Brazilian instrument trading, with participants reporting turnover of US$432 billion. This represents a 33% increase vs. the US$325 billion reported in the second quarter of 2004, and 20% more than first quarter 2005 volume of US$359 billion.

The jump in trading was largely due to a volume spike in the Brazil 2040 bond, the industry benchmark. Survey participants reported trading US$182 billion in the 2040 issue vs. US$54 billion in the second quarter of 2004 (and US$119 billion in the first quarter of 2005). The 2040 bond alone accounted for 42% of Brazilian volumes vs. shares of 33%, 30% and 18% in the three preceding quarters; it remained the most frequently traded individual instrument in the Survey overall.

“The three-fold increase in the Brazil 2040 volume over the past year underscores the increased participation of non-Emerging Markets-dedicated investors in our asset class; rather than building positions across the curve in Brazil, or other emerging countries, non-dedicated investors naturally gravitate to the most liquid benchmark bond in our universe,” Gomez observed. She predicted that this trend has continued into the current quarter, as both dedicated and non-dedicated investors have been moving frequently in and out of Brazilian positions as a result of political turbulence in the country.

Brazilian assets accounted for 32% of total reported volume, and stood as the most frequently traded assets in the EMTA Survey. This compares with a 33% share in the second quarter of 2004 and a 25% share in the first quarter of 2005.

Mexican Turnover Declines to US$183 Billion

Mexican instruments were the second most frequently traded debt instruments (14% of total volume). Survey participants reported US$183 billion in Mexican trades, an 11% decrease compared with the US$204 billion reported in the second quarter of 2004 and a 39% decrease vs. first quarter volume of US$301 billion. Mexican local instrument trading continued to account for the bulk of Mexican trading, at US$137 billion (vs. US$134 billion in the second quarter of 2004 and US$225 billion in the first quarter of 2005).

Turkish debt activity receded somewhat after reaching its highest level in an EMTA quarterly Survey. Survey respondents reported US$126 billion in Turkish turnover, down from a record US$146 billion in the previous quarter, although still up 123% on a year-on-year basis. The bulk of Turkish activity was comprised of local instrument trading, at US$83 billion in the second quarter. Turkish debt instruments remained the third most frequently traded instruments for the second consecutive quarter, and accounted for 9% of total Survey volume.

Russian volumes stood at US$108 billion in the second quarter. This compares with US$73 billion in the same quarter in 2004 (a 49% increase) and US$95 billion in the first quarter of 2005 (a 13% increase). Russia’s 2030 bond remained the second most frequently traded individual instrument, with US$45 billion in reported volumes. Russia, which concluded an agreement in principle to pre-pay $15 billion of its outstanding Paris Club debt in May, accounted for 8% of total trading vs. 7% in both the second quarter of 2005 and first quarter of 2005.

Debt trading of Argentine instruments stood at US$59 billion, including $10 billion in trading of the new instruments issued as part of Argentina’s recent debt restructuring. The debt exchange was completed late in the second quarter following the resolution of a variety of legal decisions. Gomez, whose firm maintains an overweight recommendation in Argentine debt, remarked that “we continue to see strong interest among the investor base in Argentina, in both external and local debt. ”

Ecuadorian debt volume stood at US$9 billion vs. US$6 billion in the second quarter of 2004 and US$5 billion in the first quarter of 2005. Ecuadorian President Gutierrez was forced to leave office early in the second quarter. Gomez expects investor interest in Ecuador to remain strong going into the October 2006 presidential election. “Trading volumes may not reflect this broad interest, however, as we believe a large percentage of Ecuadorian assets should continue to be held by a small number of investors,” she noted.

Local Markets Trading Surpasses Eurobond Volumes

Local market turnover surpassed Eurobond trading in the second quarter of 2005. Participants reported US$653 billion in local instrument trades, compared with US$426 billion in the second quarter of 2004 (a 53% increase) and US$668 billion in the first quarter of 2005 (a 2% decrease). Mexican debt remained the most frequently traded local instruments, followed by Brazilian and Turkish local trades. Local instruments accounted for 48% of Survey volume.

Eurobond trading stood at US$638 billion vs. US$463 billion in the second quarter of 2004 (up 38%) and US$673 billion in the first quarter of 2005 (down 5%). In addition to the Brazil 2040 and Russia 2030 bonds, other frequently traded instruments included the Turkish 2030 bond (US$24 billion in turnover), Venezuela’s 2027 bond (US$12 billion) and the recently issued Indonesia 2015 issue ($7 billion). Eurobonds accounted for 47% of total reported trading.

Brady bond volumes (the majority of which were Brazilian C-Bond trades) stood at US$39 billion, or 3% of trading, as the supply of Brady issues continues to decline via exchanges or early redemptions. Survey participants also reported US$28 billion in options and warrants trades (2% of trading) and US$4 billion in loan assignments (less than 1% of volume).

Gomez reasoned that given the continued and growing investor interest in Emerging Markets debt, trading volumes that remain at high levels should come as no surprise. “In a trend that has been developing over the past few years, we have continued to see interest in Emerging Markets from macro-hedge funds and crossover investors, as well as from non-traditional Emerging Markets buyers, particularly from Asia,” she stated. Gomez added that she continues to get reports of long-term, structural allocations to the asset class from pension funds.

EMTA’s Survey includes secondary market trading activity in sovereign and corporate bonds, local instruments, Brady bonds, debt options, warrants and loans from over 90 Emerging Markets countries. The Survey’s participants include 66 major dealers, banks and money management firms around the globe.

For a copy of EMTA’s Second Quarter 2005 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or at +44 (0) 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 110 member firms worldwide, has published its Volume Surveys since 1992.