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For Immediate Release

EMTA SURVEY: 2001 ANNUAL EMERGING MARKETS DEBT VOLUME RISES 22% TO US$3.5 TRILLION; HIGHEST LEVEL SINCE 1998

Fourth Quarter 2001 Volume at US$822 Billion

NEW YORK, February 11, 2002—EMTA (formerly the Emerging Markets Traders Association) reported today that Emerging Markets debt trading volume stood at US$3.484 trillion in 2001, according to its Annual Debt Trading Volume Survey. This represents a 22% increase over the US$2.847 trillion reported in 2000, and a 59% jump from the US$2.185 trillion traded in 1999. EMTA noted that trading rose to the highest annual level since 1998, when the Russian economic crisis led to a sharp contraction in Emerging Markets debt activity.

EMTA also announced that Emerging Markets debt trading stood at US$822 billion in the fourth quarter of 2001, according to its Fourth Quarter Debt Trading Volume Survey. This compares with US$705 billion in the fourth quarter of 2000 (a 17% increase) and US$885 billion in the third quarter (a 7% decrease).

The increase in volume occurred in a year in which almost all components of the benchmark EMBI+ index showed double-digit returns, although a negative return of 67% in Argentine bonds caused the overall index to remain flat for the year. Among the more frequently traded countries, Russian debt returned 56%, Mexico was up 14% and Brazilian instruments gained 7%.

Mexican Volumes Remain Most Frequently Traded

With turnover of US$216 billion in the fourth quarter, Mexican debt instruments remained the most frequently traded Emerging Markets debt instruments for the fifth consecutive time since surpassing Brazil the final quarter of 2000. Survey participants reported US$298 billion in Mexican volumes in the third quarter and US$221 billion in the fourth quarter of 2000.

Mexican instrument trading in full year 2001 totaled US$1.111 trillion, or 32% of all reported volume, a 68% increase over 2000 annual volume of US$662 billion (when Mexico accounted for 23% of reported trades). Analysts attributed recent strength in Mexican volumes to a number of factors, including speculation on Standard & Poor's joining Moody's in awarding the country an investment grade rating, its reputation as a "safe haven" credit during turbulence in Argentina, and the appeal of Mexican debt for crossover investors. 78% of Mexican instrument trades occurred in Mexican local treasury instruments, including US$336 billion in Cetes trades.

Survey participants reported US$191 billion in Brazilian debt trading in the fourth quarter vs. US$172 billion in the third quarter of 2001 and US$151 billion in the fourth quarter of 2000. Total 2001 Brazilian trading thus stood at US$721 billion, a 6% decrease from the US$769 billion reported in 2000 (and US$802 billion in 1999). Brazil's share of market trading, at 21%, was at its lowest level since 1993, as some investors speculated on spillover effects from an Argentine default. Brazil C-Bond trading, the industry benchmark, stood at US$61 billion for the quarter and US$223 billion for the year, compared with US$51 billion in the previous quarter and US$229 billion in the previous year.

Russian trading (US$80 billion) reached its highest quarterly market share since the country's August 1998 economic crisis, at 10% of total volume. Russian debt was the best performing component of the EMBI+ index in 2001, as the country's economy expanded and foreign exchange reserves reached new highs. On an annual basis, Russian debt trading totaled US$299 billion in 2001, a 24% jump from US$241 billion in 2000 and a 143% increase from US$123 billion in 1999. Russia's 2030 eurobond (US$148 billion in annual volume) was the second most frequently traded Emerging Markets debt instrument in 2001, surpassing volume of the Argentine FRB (US$135 billion).

At US$61 billion in the fourth quarter, turnover in Argentine debt was at its lowest levels since EMTA began compiling quarterly statistics. Speculation regarding an Argentine debt default, as well as the removal of large quantities of Argentine debt from the marketplace via swap offers and its dramatically reduced weight in industry indices, caused Argentine trading to drop 29% vs. the prior quarter (US$87 billion) and 38% vs. the fourth quarter of 2000 (US$99 billion). Argentine FRB volume declined 44% compared with the previous quarter, standing at US$16 billion. While Argentine volume actually rose 5% on an annual basis (US$384 billion vs. US$366 billion in 2000), its market share fell to 11%, an annual low.

Local Markets Trades 44% of Total Volumes

Trading in local markets instruments continued to account for the largest share of volume by instrument, at 44% of turnover in the fourth quarter and the same share of trading in full-year 2001. This remained highly concentrated in Mexican treasury instruments (US$868 billion in 2001), although participants also reported heavy annual trading in South African local instruments (US$99 billion), as well as those issued by Brazil (US$82 billion), Poland (US$73 billion) and Hong Kong (US$70 billion). As with the near across-the-board strong returns in bond indices, local market instrument performance in 2001 (in US dollar terms) was mostly positive: the Mexican component of the ELMI+ rose 20%, Poland rose 24%, and Brazil increased 1%. South Africa posted a negative return of 33%.

Eurobond volumes, which accounted for 36% of both fourth quarter and 2001 volumes, stood at US$299 billion in the fourth quarter and US$1.255 trillion in full-year 2001 (vs. US$324 billion in the third quarter and US$936 billion in 2000). Emerging Markets debt issuance stood at US$61 billion in 2001, only slightly below the US$62 billion placed in the previous year, according to Merrill Lynch. Russia's 2030 bond remained the most frequently traded eurobond (US$40 billion in the fourth quarter and US$148 billion annually), followed by the Brazil 2040 (US$19 billion in the fourth quarter and US$68 billion annually) and the Argentina 2008 (US$18 billion in the fourth quarter and US$45 billion annually).

Brady bonds accounted for 16% of trading activity both in the fourth quarter and annually, at US$131 billion and US$ 573 billion respectively. According to J.P. Morgan, US$16 billion in outstanding Brady debt was retired from the marketplace in 2001, leaving outstanding Brady face value at US$83 billion.

Options transactions accounted for 3% of trades, and loan assignments 1% of volumes, both on quarterly and annual bases.

For a copy of EMTA's Fourth Quarter 2001 and 2001 Annual Debt Trading Volume Surveys, please contact Jonathan Murno at (212) 908-5022.

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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, which has over 100 member firms worldwide, has published its Volume Surveys annually since 1992 and quarterly since 1997.