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For Immediate Release

EMTA SURVEY:
EMERGING MARKETS DEBT TRADING
AT US$985 BILLION IN SECOND QUARTER OF 2009

Local Instruments fall to 61% of Turnover

NEW YORK, August 25, 2009—Emerging Markets debt trading volumes stood at US$985 billion dollars in the second quarter of 2009. This was a sharp (19%) decrease compared to second quarter 2008 volume of US$1.218 trillion, while representing a small recovery (up 8%) from the US$915 billion in volume reported in the first quarter of 2009.

Jane Brauer, Senior Director at Bank of America Merrill Lynch Securities, noted "the key driver to higher trading volumes has been increasing risk appetites as global markets began their recovery in the second quarter."

Local Market Instrument Trades at 61% of Volume

Turnover in local markets instruments stood at US$600 billion in the second quarter of 2009 according to Survey participants. This represents a 27% decline compared to trading of US$827 billion in the second quarter of 2008, as well as an 8% decrease on first quarter 2009 trading of US$656 billion.

Local markets turnover accounted for 61% of total Survey turnover, below the 72% share in the first quarter and also above the 68% share it had held for the five previous quarters. Brazilian instruments were the most frequently traded local markets debt, at US$140 billion. Other frequently traded local instruments were those from Turkey (US$84 billion), Hong Kong (US$64 billion), India (US$42 billion) and Poland (US$41 billion).

Eurobond Volumes at US$374 Billion

Eurobond trading stood at US$374 billion in the second quarter, nearly exactly the amount reported in the second quarter of 2008. On a quarter-on-quarter basis, Eurobond volume rose 48% from US$252 billion.

Almost two-thirds of Eurobond activity involved sovereign debt issues (US$238 billion in turnover, compared with US$234 billion in the second quarter of 2008). Sovereign Eurobond activity accounted for 24% of overall Survey volumes, versus an 18% share in the previous quarter.

Brauer noted that “Eurobond trading volume increased dramatically as EM investors decreased cash positions, increased their risk tolerance and reallocated assets to achieve higher returns. In addition, new issue trading volume added to the mix as second quarter issuance increased 14% from the first quarter.” This trend was likely to continue into the current quarter, she believes, given strong new Eurobond issuance in July and August.

Corporate bond trading stood at US$109 billion, compared to US$132 billion in the second quarter of 2008 (a 17% decrease) and US$76 billion in the first quarter (up 43%). Turnover in corporate debt accounted for 11% of overall Survey volume.

The most frequently traded EM Eurobonds in the second quarter of 2009 included issues from Brazil (US$48 billion), Argentina (US$44 billion), Russia (US$36 billion), Mexico (US$32 billion) and Venezuela (US$26 billion).

In addition to local markets bonds, sovereign and corporate Eurobonds, the Survey also includes turnover in options, loans and Brady bonds. Survey participants reported US$8 billion in option trades (1% of volume), US$3 billion in loan assignments (less than 1% of volume) and just over US$100 million in Brady bond transactions (also less than 1% of Survey turnover).

Brazil, Turkey and Argentina Most Frequently Traded Countries

Brazilian instruments were the most frequently traded instruments according to the EMTA Survey, with US$188 billion in turnover. This compares with US$241 billion in the second quarter of 2008 (a 22% decline) and US$175 billion in the first quarter (an 8% increase). Brazilian volumes accounted for 19% of total Survey trading.

Turkish assets remained as the second most frequently traded instruments, at US$105 billion. This compares to US$91 billion in Turkish volumes in the second quarter of 2008 (up 14%) and US$140 billion in the previous quarter (down 26%). Turkish volume accounted for over 11% of Survey volume.

Argentine instrument volume was the Survey’s third highest, at US$72 billion (down 28% from second quarter 2008 turnover of US$100 billion while a 157% increase on first quarter volume of US$28 billion. Argentine trading represented 7% of total Survey volume.

Other frequently traded instruments were securities from Hong Kong (US$71 billion), South Korea (US$52 billion), Mexico (US$49 billion), Russia (US$47 billion) and Poland (US$46 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 50 leading investment and commercial banks, asset management firms and hedge funds. For a copy of EMTA's Second Quarter 2009 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +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 150 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.