E M T A

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

646 289- 5413

Contact: Jonathan Murno
EMTA
+44 207 996-3165
jmurno@emta.org

For Immediate Release

EMTA SURVEY:
SECOND QUARTER 2013 EMERGING MARKETS DEBT TRADING AT US$1.587 TRILLION

Volumes up 12% vs. 2Q 2012

NEW YORK, August 27, 2013—Emerging Markets debt trading volumes stood at US$1.587 trillion in the second quarter of 2013, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading industry. This compares with US$1.413 trillion in the second quarter of 2012, a 12% increase, and US$1.399 trillion in the first quarter, a 13% increase.

"There was a large pick-up in volume in the quarter, helped by the large amount of issuance in the first two months of the quarter followed by the significant volatility in June," stated Jeff Williams, EM Debt Strategist at Citi. "Fear of the Fed's likely tapering later this year, and the sharp increase in U.S. Treasury yields, sparked a considerable amount of volatility and reductions in EM bond positions, and we saw a record amount of outflows from the asset class in June," he added.

Local Market Instruments at 65% of Volume

Turnover in local markets instruments stood at US$1.036 trillion in the second quarter, accounting for 65% of total reported volume. This compares to US$987 billion in the second quarter of 2012 (up 5%) and US$939 billion in the first quarter of this year (up 10%).

Brazilian instruments were the most frequently traded local markets debt, at US$166 billion. Other frequently-traded local instruments were those from Mexico (US$152 billion), Russia (US$99 billion), Turkey (US$95 billion) and Poland (US$92 billion).

Eurobond Volumes at US$544 Billion

Eurobond trading stood at US$544 billion in the second quarter. This compares to US$419 billion in the second quarter of 2012 (a 30% increase) and US$452 billion in the first quarter (up 20%).

"April and May were two of the largest months of new EM Eurobond issuance on record, and, as liquidity tends to concentrate on new issues, trading volume was supported in those months," stated Williams. "That was especially true in CEEMEA and Asia, both of which had significantly more new issuance than LatAm in the quarter—and this partly explains why Latin American trading volume was down significantly compared to a year ago, while the other regions saw large increases," he observed.

56% of Eurobond activity involved sovereign debt issues in the second quarter, with Survey participants reporting US$307 billion in sovereign Eurobond turnover. This compares to a 55% share of Eurobond activity in the previous quarter, when such volumes stood at US$249 billion.

Corporate Eurobond trading stood at US$225 billion in the second quarter, accounting for 41% of total Eurobond activity (compared to 43% in the previous quarter). Sovereign Eurobond activity accounted for 19% of overall Survey volumes, with corporate trading at 14% of total turnover.

The most frequently traded individual EM Eurobonds during the quarter included Russia's 2030 bond (US$15 billion in turnover), Brazil's 2023 bond (US$6 billion), Russia's 2042 bond (US$5 billion), Brazil's 2021 bond (US$5 billion) and Turkey's 2043 bond (US$5 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 over US$5 billion in warrant and option trades, US$2 billion in loan assignments and a mere US$6 million in Brady bond trades. These categories combined represented less than one percent of total volume.

Brazil, Mexico and Russia Instruments Most Frequently Traded

Brazilian instruments were the most frequently traded instruments overall according to Survey participants, with US$225 billion in turnover. This compares with US$298 billion in the second quarter of 2012 (a 25% decrease) and US$264 billion in the first quarter (down 15%). Brazilian volumes accounted for 14% of total Survey trading, compared to 19% in the previous quarter.

Mexican instruments were the second most frequently traded instruments in the EMTA report, at US$195 billion, according to Survey participants. This represents a 20% decrease on the US$243 billion reported in the second quarter of 2012 and a 50% increase over first quarter volumes of US$130 billion. Mexican volumes accounted for 12% of total reported volume (up from 9% in the prior quarter).

Third were Russian assets, at US$177 billion in turnover. This compares to US$137 billion in the second quarter of 2012, a 29% increase and a 27% increase on the first quarter's US$139 billion. Russian instrument trading accounted for 11% of Survey volume.

Other frequently traded instruments were securities from Turkey (US$143 billion) and Poland (US$111 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.

EMTA recently reported that participants in a similar survey (although limited in scope to 13 EMTA Board firms) had also reported increases in trading. The CDS Survey participants reported US$279 billion in EM CDS volumes in the second quarter. This compared to US$218 billion in reported EM CDS contract volume in the second quarter of 2012 (representing a 28% increase), and US$212 billion in first quarter volumes (a 31% increase).

For a copy of EMTA's Second Quarter 2013 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +44 207 996-3165.

******

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.