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EMTA SURVEY:
THIRD QUARTER 2000 EMERGING MARKETS DEBT TRADING RISES TO US$712 BILLION

Local Markets Instruments Account for 39% of Volume;
Turnover in Mexican Debt Rises 24%

NEW YORK, November 13, 2000—Trading in Emerging Markets debt instruments rose to US$712 billion in the third quarter of 2000, according to EMTA's just-released Third Quarter 2000 Debt Trading Volume Survey. This represents a 5% increase over second quarter volume of US$681 billion (and a 33% increase over reported trading in the third quarter of 1999), with reported trading for the first nine months of 2000 reaching US$2.1 trillion (vs. US$1.7 trillion in the same period last year).

In its report, EMTA noted that, for the second consecutive quarter, local markets instrument trading, which totaled US$276 billion, accounted for the largest share of reported Emerging Markets debt trading. 39% of all reported trades were local instrument transactions, vs. a 34% share in the second quarter. Mexican local instruments (US$111 billion) accounted for 40% of total local markets activity, a higher percentage than in previous Surveys. Respondents also reported local markets volumes of US$37 billion in Hong Kong instruments, US$31 billion in Brazilian debt and US$20 billion in South African treasuries.

Second to local markets instruments, in terms of market share, were Eurobonds, at 35% of all reported Emerging Markets debt transactions. Eurobond trading rose 17% to US$247 billion, vs. US$210 billion in the previous quarter, as the outstanding Eurobond universe expanded by both exchange offers (from Brazil, Ecuador and Russia) and new issuances (US$17 billion in the third quarter, according to Merrill Lynch). Two new Eurobonds issued in exchange for previously outstanding debt added significant Eurobond volume: Russia's '30 bond (issued in exchange for Prins and IANs) accounted for US$18 billion in volume while market participants reported US$13 billion in trading of the Brazil '40 (issued in exchange for several Brady bonds). Other frequently traded new issues include the Argentina '30 (US$8 billion in volume) and both the Mexico '06 and '26 (US$7 billion each). The two new issues resulting from the Ecuadorian exchange offer accounted for nearly US$3 billion in turnover.

As a result of reduced supply, Brady bond turnover continued to decline, accounting for just 22% of volume. Brady trading totaled US$160 billion in the third quarter, vs. US$184 billion and US$214 billion in the two previous quarters. Ecuador, Poland, Brazil and Mexico are among those nations that have retired some of their Brady debt in recent months through exchange and buyback offers.

Participants in the Survey also reported US$15 billion in options activity, and US$14 billion in loan trading; each representing approximately 2% of total turnover.

Brazilian Trading at US$193 Billion; Mexican Volumes Rise 24%

Brazilian debt instrument volumes stood at US$193 billion, virtually unchanged from the previous quarter, and remained the most frequently traded debt assets (27% of all volume). Lower volumes in Brazilian Brady bonds, local instruments and options were offset with greater Eurobond activity. Brazil's C-Bond remained the most frequently traded individual instrument, at US$54 billion in turnover and an 8% share of all reported Emerging Markets debt trades (in line with its share in recent quarters.)

Mexican volumes rose 24% to US$171 billion from US$138 billion in the second quarter. Traders noted that positive sentiment towards Mexico has continued since Moody's decision to upgrade Mexico's credit rating to investment grade earlier this year (and thereby allowing a number of new investors to purchase Mexican debt as Mexican bonds were added to indices in which they were not previously represented). In addition, Mexico's presidential election in July represented another major milestone in Mexico's development. Mexican instruments accounted for 24% of total reported trading, its highest share since EMTA began collecting quarterly trading statistics in 1997.

Although Argentina volumes were the third strongest generally, at US$73 billion (10% of all trades), reported transactions of Argentine FRBs, at US$16 billion, hit a low in EMTA's quarterly Surveys.

Jaime Valdivia, Senior Latin American Debt Strategist at Morgan Stanley, was optimistic on market liquidity going forward. "The market is in great technical shape to year-end. In addition, we are expecting new resources to be allocated to EM toward year-end as investors decide their portfolio allocations for 2001. These factors bode well for volume levels, " Valdivia commented.

For a copy of EMTA's Third Quarter 2000 Debt Trading Volume Survey, please contact Jonathan Murno at (212) 908-5000.

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NOTE TO EDITORS:
Founded in 1990, 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 has over 100 member firms worldwide, and has published its Volume Surveys annually since 1992 and quarterly since the first quarter of 1997.