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For Immediate Release

EMTA SURVEY: EMERGING MARKETS DEBT TRADING RISES TO US$5.485 TRILLION

Fourth Quarter Volume at US$1.378 Trillion

NEW YORK, February 21, 2006—EMTA, the Emerging Markets debt trade association, announced this morning that EM debt trading volumes rose to US$5.485 trillion in 2005. This represents an 18% increase over 2004 trading of US$4.645 trillion. In the history of the EM debt market, only once did Survey participants report higher volume, in 1997, when trading reached US$5.915 trillion before declining after the Russian debt default the next year.

EMTA also announced that Emerging Markets debt transactions aggregated US$1.378 trillion in the fourth quarter of 2005, a 9% increase compared to the fourth quarter of 2004, when trading volume totaled US$1.260 trillion. This also represents a 4% increase over third quarter 2005 volume of US$1.328 trillion.

EMTA's Survey includes secondary market trading activity in sovereign and corporate Eurobonds, local treasury bonds and other instruments (such as Brady bonds, debt options, warrants and loans) from over 90 Emerging Markets countries. 70 major dealers, banks and money management firms worldwide participated in the Annual Survey.

Joyce Chang, Managing Director and Global Head of the Currency, Emerging Markets and Commodities research groups at JP Morgan, noted that the EM asset class "continues to benefit from robust strategic inflows from a highly diversified investor base, with much of the new inflows sourced from outside the US, including Asia retail, Middle Eastern petrodollars and Asian central banks." She listed a declining stock of sovereign debt and comparatively less volatility *vis-à-vis* the US High Yield and High Grade markets as added factors supporting the asset class.

Brazil Volume at US$1.554 Trillion

Volumes in Brazilian debt instruments stood at US$1.554 trillion in 2005. This represents a 12% gain compared to the US$1.382 trillion reported by Survey participants during the previous year. Brazil's 2040 Bond remained the most frequently traded individual instrument, at US$576 billion in turnover, vs. US$293 billion in 2004 (a 97% increase), presumably attracting some of the activity in the previous industry benchmark, the Brazil C-Bond, which was redeemed in October. (The C-Bond accounted for US$60 billon in 2005 volume vs. US$222 billion in 2004). Brazilian turnover accounted for 28% of Survey volume, compared with a 30% share in 2004.

Chang praised Brazilian authorities, who took advantage of better-than-expected fundamentals and global liquidity to reduce the country's external vulnerability during 2005. "The government has delivered a remarkable achievement of basically wiping out its net external exposure, with external debt/GDP ratios likely to fall to 18% by year-end," she stated. However, Chang cautioned that while Brazil's external debt/GDP ratio is well below investment-grade country averages, "lingering vulnerability to domestic interest rates, a high tax burden and budget rigidity will likely prevent an investment-grade rating for several years."

Mexican Volumes Fall 16% to US$905 Billion

In contrast to the general trend, Mexican volumes fell 16% to US$905 billion, vs. US$1.077 trillion in 2004. This represents the lowest level of Mexican volume since 2000. However, Mexican debt instruments maintained their position as the second most frequently traded instruments in 2005, accounting for 17% of total trading, vs. a 23% share the preceding year. Local markets instruments accounted for 77% of Mexican trading in 2005, at US$697 billion.

Turkish debt instruments were the third most frequently traded debt instruments, at US$464 billion. This compares with US$236 billion in 2004, a 97% jump in volume. Turkish local instruments accounted for 61% of Turkish trading, at US$282 billion, while reported turnover in the Turkish 2030 Bond, the third most frequently traded instrument in the Survey, stood at US$86 billion (itself 19% of all Turkish volumes). Turkey's share of overall volumes rose to 9%, its highest share ever, compared with 5% in 2004 and 4% in 2003.

At US$365 billion, Russian trades rose 2% vs. 2004 volume of US$357 billion. Nearly half of activity (48%) was in transactions of Russia's 2030 Bond (US$175 billion), which remained the second most frequently traded individual asset in the Survey. Russian trades accounted for 7% of total volume, vs. 8% in 2004.

Following the completion of the country's restructuring deal, and its subsequent reintroduction to industry indices, Argentine volumes moved up to fifth position from seventh in 2004 and twelfth in 2003. Argentine trading (US$346 billion) accounted for 6% of overall volumes in 2005, up from 4% in 2004. Analysts speculated that a post-restructuring Argentina likely reclaimed some of its dormant volume back from Brazil, as Argentine market share rose in the final two quarters of the year in tandem with a decreased Brazilian share.

Eurobonds 48% of Volume, Local Markets Have 47% Share

Eurobond volumes, at US$2.637 trillion, accounted for 48% of volumes and rose 25% compared to 2004 volume of US$2.114 trillion (when they accounted for 46% of trading). 86% of Eurobond trading was attributable to sovereign issues, a slight increase from their 85% share in 2004. Corporates accounted for 12% of Eurobond volumes (vs. 14% in 2004), with the remaining 2% not specified. The most frequently traded Eurobonds were those issued by Brazil (US$972 billion), trailed by Russia (US$290 billion), Mexico (US$188 billion), Argentina (US$175 billion) and Turkey (US$174 billion).

US$2.593 trillion in Survey trading, or 47% of volume, involved local instrument transactions. This represents a 24% increase from 2004's US$2.094 trillion, a 45% share that year. 95% of local instrument trades involved instruments denominated in local currencies. The most frequently traded local instruments were those issued by Mexico (US$697 billion), followed by Brazil (US$433 billion), Turkey (US$282 billion), Poland (US$255 billion) and South Africa (US$188 billion).

Option and warrant trading (US$132 billion) and Brady Bond transactions (US$108 billion) each accounted for 2% of Survey volume. Loan assignments (US$15 billion) accounted for less than 1% of activity.

Chang expressed confidence that inflows to the asset class are likely to remain robust in 2006. "Retail and strategic inflows for 2006 could rise to at least US$25 billion if the current pace of flows continues; strategic inflows since the beginning of the year has already reached US$4 billion," she stated. Chang also remained optimistic that while "modest—and healthy—profit-taking in the coming weeks would not come as a surprise after the recent record compression of spreads, the drivers of Emerging Markets outperformance remain intact, with supportive technicals and record inflows likely to limit the magnitude of a sell-off."

For a copy of EMTA's Fourth Quarter and 2005 Annual Debt Trading Volume Surveys, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 637-9105.

MARKET SHARE COMPARISON

	2005	**1997**
Eurobonds	**48%**	**23%**
Local Instruments	**47%**	**25%**
Options and Warrants	**2%**	**6%**
Brady Bonds	**2%**	**41%**
Loans	**>1%**	**5%**

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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.