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For Immediate Release

EMTA SURVEY: EMERGING MARKETS CDS TRADES AT US$235 BILLION IN FIRST QUARTER

Volume Down 23% Compared to 1Q 2011 Level

NEW YORK, May 16, 2012—Trading in Emerging Markets Credit Default Swaps (CDS) stood at US$235 billion in the first quarter of 2012, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading and investment industry.

This compares to US$306 billion in Emerging Markets CDS contract volume in the first quarter of 2011 (representing a 23% decrease), and US$234 billion in fourth quarter volumes (a 1% increase).

"The Survey's results confirm a trend of declining secondary market liquidity in the EM CDS markets, as first quarter volumes have been historically much higher than the preceding fourth quarter, while this time it was virtually flat," noted Hongtao Jiang, a Director of Emerging Markets Strategy at Deutsche Bank. "Such a decline is more pronounced when one considers the record amount of EM hard currency issuance during January and February, and the large amount of short covering and risk-adding activities at the beginning of the year," he added.

Jiang attributed the declining trend of CDS volumes to a number of factors, "including speculation that the Greek restructuring might not trigger CDS (which proved false), an expected ban of 'naked short' CDS contracts in Europe, and higher standards in capital requirements resulting from anticipated regulatory changes." It was unclear to Jiang whether these factors were fully reflected in CDS volumes, or if a further volume decline would occur.

The largest CDS volumes in the Survey during the quarter were those on Brazil, at US$51 billion. EMTA Survey participants also reported US$24 billion in Turkish CDS and US$18 billion in Mexican CDS.

The highest reported volumes of nine corporate CDS contracts included in the Survey were those on Gazprom (over US$5 billion). Participants also reported US$1 billion in Pemex CDS trades during the quarter.

For a copy of EMTA's First Quarter 2012 CDS Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413.

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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 180 member firms worldwide, has published its Annual Volume Surveys of Debt Trading since 1992. EMTA begin publishing CDS volumes in 2009.

For its survey, EMTA collected data from 13 major international banks and broker-dealers on Emerging Market CDS contracts. Participants were asked to report their CDS volumes on 19 Emerging Markets countries and 9 EM corporate issuers. The survey is based on notional value of CDS trades and includes rollovers, but not netting trades or internal transfers.