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For Immediate Release

EMTA SURVEY: 2018 ANNUAL EMERGING MARKETS DEBT TRADING AT US\$4.879 TRILLION

Fourth Quarter Volume at US\$1.067 Trillion

NEW YORK, March 27, 2019—Emerging Markets debt trading volumes stood at US\$4.879 trillion in 2018, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading and investment industry. This was slightly less than the US\$4.901 trillion reported in 2017.

EMTA also announced that Emerging Markets debt trading volumes stood at US\$1.067 trillion in the fourth quarter of 2018. This compares with US\$1.147 trillion reported for the fourth quarter of 2017, a 7% decrease, while down 11% from US\$1.205 trillion reported in the third quarter of 2018.

Jeff Grills, Senior EMD Portfolio Manager at Gramercy Funds Management, noted that, "overall, 2018 EM debt was pressured due to the rise in US Treasury rates, and from specific EM credit events which curtailed issuance, namely Russian sanctions in April, as well as difficulties in Argentina and Turkey in the second half of the year. This led to declines in EMD returns and impacted the demand for primary issuance as a result."

He added that, "by the fourth quarter we saw a further drop in issuance, primarily by EM corporate issuers, as the uncertainty about the future FOMC rate path caused increased volatility across the globe."

Local Markets Instruments at 61% of Volume

Turnover in local markets instruments stood at US\$2.987 trillion in 2018, accounting for 61% of total reported volume. This compares to US\$2.747 trillion in 2017, a 9% increase.

Mexican instruments were the most frequently traded local markets debt in 2018, at US\$626 billion. Other frequently-traded local instruments were those from Brazil (US\$451 billion), India (US\$341 billion), South Africa (US\$301 billion) and China (US\$196 billion).

Eurobond Volumes at US\$1.871 Trillion

Eurobond trading stood at US\$1.871 trillion in 2018, down 12% compared with 2017's US\$2.120 trillion.

59% of Eurobond activity involved sovereign debt issues in 2018, with Survey participants reporting US\$1.099 trillion in sovereign Eurobond turnover. This compared to a 54% share of Eurobond activity in the previous year, when such volumes stood at US\$1.163 trillion.

Corporate Eurobond trading stood at US\$733 billion in 2018, accounting for 39% of total Eurobond activity (vs. a 38% share in 2017). Sovereign Eurobond activity accounted for 23% of overall Survey volumes, with corporate trading at 15% of total turnover.

The three most frequently traded Eurobonds in 2018, according to Survey participants, were Argentina's 2028, 2048 and 2026 issue (with volumes of US\$19 billion, US\$18 billion and US\$16 billion respectively.) Other frequently traded bonds include Mexico's 2028 bond (US\$15 billion) and Brazil's 2028 bond (US\$14 billion). Petrobras' 2027 bond (US\$7 billion) was the most frequently traded corporate bond in the Survey.

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options and loans. Survey participants reported US\$21 billion in warrant and option trades during the year and US\$750 million in loan assignments.

Mexican, Brazilian and Indian Instruments Most Frequently Traded Overall

Mexican instruments were the most frequently traded instruments overall, according to Survey participants, with US\$826 billion in turnover. This compared to US\$700 billion reported in 2017 (up 18%). Mexican volumes represented 17% of overall volumes.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US\$621 billion, according to Survey participants. This represents a 5% decrease on the US\$651 billion reported in 2017. Brazilian volumes accounted for 13% of total reported volumes.

Third were Indian assets, whose volume stood at US\$365 billion. This compares to US\$382 billion in 2017. Indian instrument trading accounted for 8% of Survey volume.

Other frequently traded instruments were securities from South Africa (US\$357 billion) and China (US\$343 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 45 leading investment and commercial banks, asset management firms and hedge funds.

For a copy of EMTA's Fourth Quarter 2018 or 2018 Annual Debt Trading Volume Surveys, please contact Jonathan Murno at <u>imurno@emta.org</u> or +1 (646) 676-4293.

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.