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For Immediate Release

EMTA SURVEY:
EMERGING MARKETS DEBT TRADING
AT US$1.551 TRILLION IN SECOND QUARTER 2010

Volume Up 57% Compared to Second Quarter 2009

NEW YORK, August 12, 2010—Emerging Markets debt trading volumes stood at US$1.551 trillion in the second quarter of 2010, according to a report released today by EMTA, the association for the Emerging Markets debt trading industry. This represents an increase of 57% compared to second quarter 2009 volumes of US$985 billion, and an 11% increase over the US$1.402 trillion reported to EMTA in the first quarter.

Richard Segal, Emerging Markets Fixed Income Strategist at Knight Capital, commented "Trading activity was exceptionally strong on aggregate during the second quarter, though the increase was concentrated in corporate bonds--in the case of the hard currency sector--and local currency debt."

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by more than 50 leading investment and commercial banks, asset management firms and hedge funds.

Local Market Instruments at 69% of Volume

Turnover in local market instruments stood at US$1.076 trillion in the second quarter, representing 69% of total reported volume. This represents a 79% increase compared to trading of US$600 billion in the same quarter last year, and a 12% increase over first quarter 2010 volume of US$960 billion.

Brazilian instruments were the most frequently traded local markets debt, at US$183 billion. Other frequently traded local instruments were those from Mexico (US$144 billion), Hong Kong (US$125 billion), South Africa (US$120 billion) and India (US$71 billion).

Eurobond Volumes at US$465 Billion

Eurobond trading stood at US$465 billion in the second quarter. This compares to US$374 billion in the second quarter of 2009 (up 24%) and US$426 billion in the first quarter of 2010 (a 9% increase).

Only 53% of Eurobond activity involved sovereign debt issues, compared with a 60% share in the prior quarter, with Survey participants reporting US$245 billion in sovereign Eurobond turnover, compared with US$255 billion in the previous quarter, representing a 4% decrease. Segal noted that, "despite the sizable inflows into dedicated Emerging Market funds, activity in the sovereign sector has stagnated, though more for supply than demand reasons."

Conversely, corporate Eurobond trading stood at US$201 billion, compared to US$158 billion in the previous quarter, or a 27% increase. Sovereign Eurobond activity accounted for 16% of overall Survey volumes, with corporate rising to 13% of the total Survey.

The most frequently traded individual EM Eurobonds in the first quarter included Russia's 2030 bond (US$19 billion in turnover), Brazil's 2040 bond (US$9 billion), Venezuela's 2027 bond (US$6 billion) and Russia's new 2020 issue (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 US$8 billion in warrant and option trades (1% of volume), US$900 million in Brady trades (less than one percent of volume), and US$600 million in loan assignments (also less than 1% of Survey turnover).

Brazil, Mexico and Hong Kong Instruments Most Frequently Traded

Brazilian instruments were the most frequently traded instruments overall according to Survey participants, with US$243 billion in turnover. This compares with US$188 billion in the second quarter of 2009 (a 28% increase). Brazilian volumes accounted for 16% of total Survey trading.

Mexican instruments were the second most frequently traded instruments in the EMTA report, at US$186 billion, according to Survey participants. This represents a 280% increase on the US$49 billion reported in the second quarter of 2009. Mexican volumes accounted for 12% of total reported volume.

Third were Hong Kong assets, at US$143 billion in turnover. This compares to US$71 billion in the second quarter of 2009, a 102% increase. Hong Kong instrument trading accounted for 9% of Survey volume.

Other frequently traded instruments were securities from South Africa (US$126 billion), Russia (US$88 billion), and Argentina (US$76 billion).

For a copy of EMTA's Second Quarter 2010 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +44 (0) 20 7996-3165.

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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 150 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.