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For Immediate Release

EMTA SURVEY:
EMERGING MARKETS DEBT TRADING
AT US$1.697 TRILLION FOR FIRST QUARTER

Local Instruments at 60% of Turnover

NEW YORK, May 22, 2007—Market participants reported trading US$1.697 trillion in Emerging Markets fixed income instruments in the first quarter of 2007, according to EMTA, the industry trade association. This represents a 4% increase on both first quarter 2006 volume (US$1.631 trillion) and fourth quarter 2006 volume (US$1.634 trillion). EMTA noted that EM debt turnover in the first quarter of 2007 represented the highest quarterly reported volume since EMTA began compiling the statistics in 1997 (EMTA noted that its data is collected and reported on the basis of the nominal value of instruments traded, and not on their market value).

"The rise of first quarter 2007 volume shows the ongoing appetite for Emerging Markets debt," according to H. David Spegel, Global Head of Emerging Markets Strategy at ING Financial Markets LLC. However, Spegel expressed surprise that, with a 17% increase in new debt issuance in the first quarter compared to the same period last year, volumes were not even higher. "This may reflect the period of uncertainty from the end of February to mid-March, which may have depressed trading activity on a year-on-year comparison," he stated.

Local Market Volumes at US$1.025 Trillion

Local instrument trading accounted for US$1.025 trillion in Survey activity, or 60% of reported turnover. This compares with US$787 billion in the first quarter of 2006 (a 30% increase), when local markets accounted for 48% of total turnover; and with US$935 billion in the fourth quarter of 2006 (a 10% increase), when local instrument trading accounted for 57% of Survey volume. The most frequently traded local instruments, according to Survey participants, were those from Mexico (US$336 billion), Brazil (US$111 billion), South Africa (US$101 billion), Turkey (US$95 billion) and Argentina (US$74 billion).

In contrast to the increase in local markets instruments, Eurobond volumes, at US$639 billion, declined 19% compared to first quarter 2006 trading (US$787 billion), and were down 4% compared to the fourth quarter of 2006 (US$664 billion). Spegel speculated that the decline in Eurobond trading might be tied to increased investor use of derivative products rather than cash bonds for short-term tactical trading decisions. Eurobond volumes accounted for 38% of Survey volume in the first quarter, down from 48% in the same quarter last year and 41% in the fourth quarter of 2006. The most active Eurobonds remained the Brazil 2040 bond (US$72 billion in turnover), Russia 2030 bond (US$40 billion), Turkey 2030 bond (US$22 billion) and the Venezuela 2027 issue (US$17 billion).

Corporate Trading Share Inches Forward

Although the vast majority of Eurobond trading is still composed of sovereign issues, corporate bond turnover remains at near record levels. Trading volume in corporate instruments stood at US$150 billion in the first quarter, vs. US$116 billion in the first quarter of 2006 (a 29% increase) and US$143 billion in the fourth quarter of 2006 (a 5% increase). This corporate activity accounted for 9% of overall trading for second straight quarter, vs. a 7% share in the first quarter of 2006.

"The ongoing increase of corporate bond issuance relative to the declining trend for sovereign issues suggests that corporate bond trading volume, particularly that related to the primary launch, will likely increase further. However, unless corporate issue sizes increase--the average corporate issue size is US$400m, vs. US$1bn for sovereigns--it is likely that overall secondary market turnover will decline as new bonds are put away in vaults rather than flipped in the market," Spegel commented. The most frequently traded corporate issues were those from Russia (US$24 billion), Mexico (US$22 billion), Brazil (US$20 billion), Argentina (US$12 billion) and India (US$8 billion).

Options and warrant trading stood at US$28 billion in the first quarter, down 34% on a year-on-year basis. Loan trading stood at US$3 billion, and Brady bond volumes dropped to US$2 billion following additional early redemptions.

Mexican and Brazilian Trading Dominate

At US$407 billion, Mexican debt was the most frequently traded instruments in the EMTA Survey. This represents a 33% increase in volume compared to US$306 billion in the first quarter of 2006 and a 3% increase on fourth quarter 2006 volume of US$394 billion. 83% of Mexican trading involved local treasury instruments. Turnover in Mexican debt accounted for 24% of Survey volume.

Brazilian instrument turnover stood at US$277 billion. This compares with US$444 billion in trading in the first quarter of 2006 (a 37% decline) and was almost unchanged from fourth quarter 2006 volume. Brazilian volume included US$137 billion in sovereign Eurobond trades, US$111 billion in local instrument turnover and US$20 billion in corporate Eurobond volume. Brazilian activity accounted for 16% of Survey activity.

EMTA's Survey includes secondary market trading activity in sovereign and corporate Eurobonds, local treasury bonds and other instruments (Brady bonds, debt options, warrants and loans) from over 90 Emerging Markets countries. 61 major dealers, banks and investment firms worldwide participated in the Annual Survey.

For a copy of EMTA's First Quarter 2007 Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 637-9105.

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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 145 member firms worldwide, has published its Annual Volume Surveys since 1992 and Quarterly Surveys since first quarter 1997.