



Statistics for Portugal compiled in the framework of the Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity – Turnover in April 2010¹

In April 2010, under the coordination of the Bank of International Settlements (BIS), 53 central banks and monetary authorities worldwide participated in the Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity. As in the previous five surveys, the 2010 survey covered data on the foreign exchange market (spot transactions, outright forwards, foreign exchange swaps, currency swaps and currency options) and interest rate derivatives (forward rate agreements, interest rate swaps and interest rate options), including only transactions held in over-the-counter (OTC) markets.

The survey in Portugal reached seventy-five financial institutions which virtually represent the entire Portuguese financial market.

The main results are presented below. The figures are expressed in US dollars (USD) and in terms of average daily turnover². There is an annex with a set of tables containing the essential of the collected data. This statistical information will be published in the chapter “D.2 Foreign exchange and derivatives market activity” of the Statistical Bulletin.

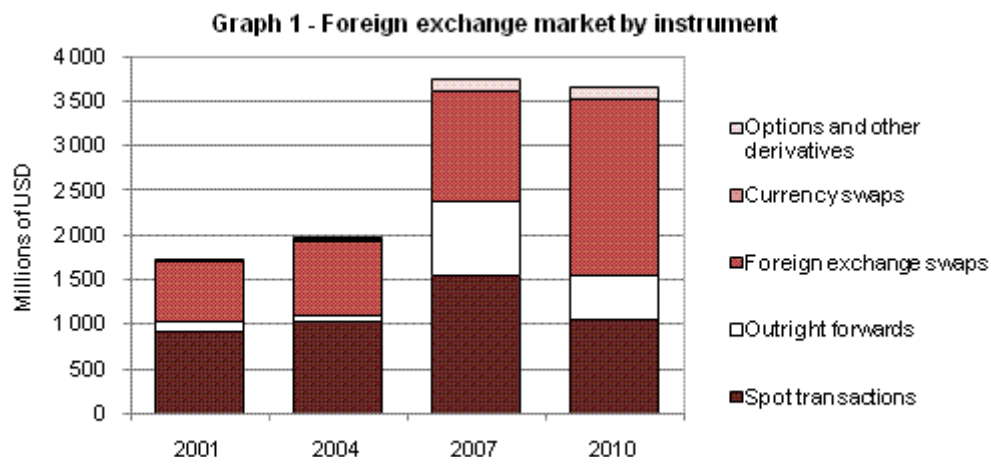
Foreign Exchange Market

In the foreign exchange market, the average daily turnover in April 2010 was USD 3.7 billion, the same level as in 2007 (see graph 1 and table 1). Turnover in the traditional foreign exchange market³ (3) accounted for USD 3.5 billion of this total. The foreign exchange swaps were the most actively traded product, representing 54% of transactions in this market (33% in 2007). Spot operations accounted for only 29% of total turnover in this month, whereas in 2007 this instrument's share was of 41%. These developments reveal a change in the instrument structure of the foreign exchange market, with a reduction in the weight of spot operations and an increase in the market share of foreign exchange swaps. The remaining activity was distributed between transactions with outright forwards (14%) and foreign exchange options (3%).

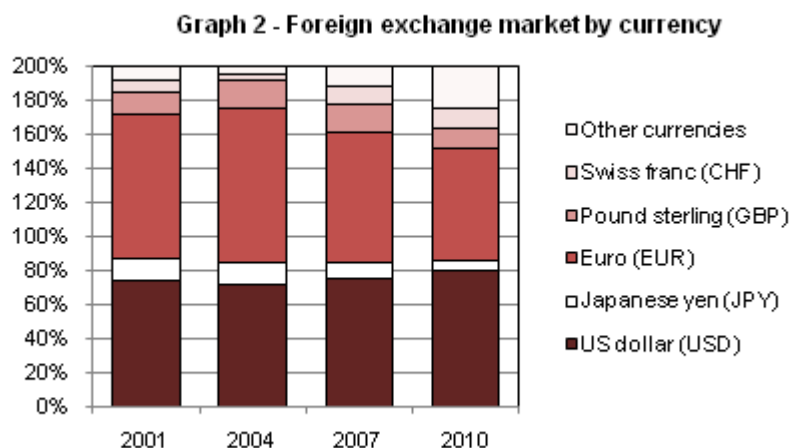
¹ Preliminary data. The preliminary global results are available on the website of the Bank of International Settlements (www.bis.org).

² The amounts have been adjusted to eliminate double counting resulting from transactions between reporting institutions in the domestic interbank market.

³ Includes the following instruments: spot operations, outright forwards and foreign exchange swaps.



In the foreign exchange market, since each transaction involves two currencies, the weight of individual currencies sums up to 200 percent of the total reported turnover. In this context, the US dollar was the most negotiated currency, accounting for 79% of transactions (see graph 2 and table 2). The euro became the second most actively traded currency (with a share of 66%) whereas in 2007 it was the primary currency (77% of total transactions). The item "Other currencies" in 2010 exhibited a market share of 25% owing to the Brazilian real which accounted for 12% of total transactions, outweighing the Pound sterling and the Japanese yen, whose shares were 11% and 7%, respectively.

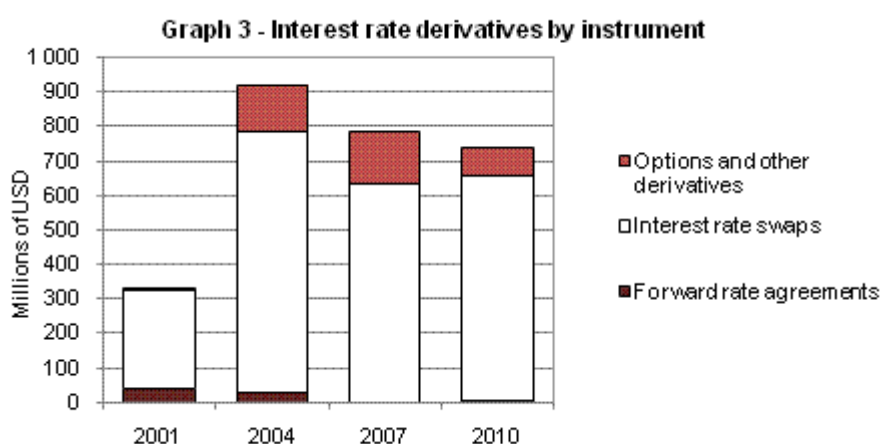


The euro/US dollar was the most traded currency pair, accounting for 46% of total transactions (see table 3). This pair was particularly relevant in spot transactions and in foreign exchange swaps operations with shares of 69% and 44% in each of these market segments.

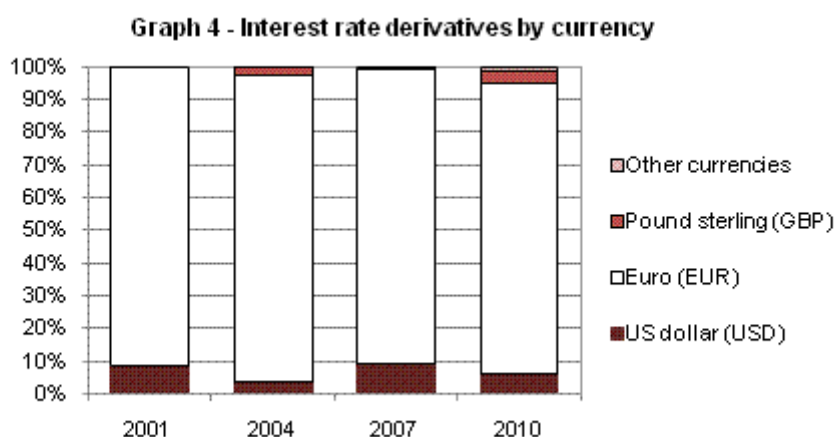
Financial institutions⁴ were the counterparty of most transactions, contributing for 89% of total turnover (see table 4) alike 2007.

Interest Rate Derivatives

In the OTC interest rate market, the average daily turnover declined slightly from USD 0.8 billion in 2007 to USD 0.7 billion in 2010. The interest rate swaps continued to be the most traded instrument, accounting for 88% of trading activity (see graph 3 and table 1). Options turnover suffered a setback, decreasing from 19% in 2007 to 11% in 2010. The downward trend in this instrument conditioned the development of the interest rate market. Forward rate agreements remained as less significant, contributing for only 1% of the activity in this market.



With a weight of 89%, the relative importance of transactions dealing with euro interest rates was almost unchanged when compared to 2007 (see graph 4 and table 5). The US dollar interest rates' market share diminished from 9% in 2007 to about 6% in 2010. Although in 2007 there were no transactions involving GBP interest rates, in 2010 this currency accounted for 4% of the activity in this market.



⁴ The item financial institutions comprise the counterparties identified as "Reporting dealers" and "Other financial institutions".

In 2010, nearly 94% of interest rate turnover had a financial institution as counterparty (see table 4). In fact, the relative importance of these institutions in interest rate derivatives was higher than in 2007 (87%). On the other hand, deals with other institutions showed a downward trend, accounting for only 6% of total transactions in 2010 whereas in 2007 their weight was about 13%.



Annex

Table 1
Foreign exchange and interest rate derivatives markets by instrument
Average daily turnover in April, in millions of US dollars and percentages

	2001		2004		2007		2010		Change (%) 2007 - 2010
	Amount	%	Amount	%	Amount	%	Amount	%	
A. Foreign exchange market	1721	100%	1961	100%	3736	100%	3654	100%	-2%
Spot transactions	917	53%	1033	53%	1548	41%	1060	29%	-32%
Outright forwards	104	6%	75	4%	821	22%	496	14%	-40%
Foreign exchange swaps	688	40%	826	42%	1245	33%	1974	54%	59%
Currency swaps	0	0%	15	1%	0	0%	0	0%	-
Options and other derivatives	12	1%	12	1%	121	3%	124	3%	2%
B. Interest rate derivatives	328	100%	916	100%	786	100%	739	100%	-6%
Forward rate agreements	38	12%	29	3%	1	0%	4	1%	500%
Interest rate swaps	288	88%	753	82%	635	81%	653	88%	3%
Options and other derivatives	2	1%	134	15%	150	19%	81	11%	-46%
Total (A + B)	2049		2877		4522		4393		-3%

Table 2
Foreign exchange market by currency
Average daily turnover in April, in percentages¹

	2001	2004	2007	2010
US dollar (USD)	74%	71%	75%	79%
Japanese yen (JPY)	13%	14%	10%	7%
Euro (EUR)	85%	90%	77%	66%
Pound sterling (GBP)	13%	17%	17%	11%
Swiss franc (CHF)	7%	4%	10%	12%
Other currencies	8%	4%	12%	25%

1) In the foreign exchange market, since each deal involves two currencies, the sum of turnover for all currencies amounts to 200%.

Table 3

Foreign exchange market by currency pair

Average daily turnover in April, in millions of US dollars and percentages

	2001		2004		2007		2010	
	Amount	%	Amount	%	Amount	%	Amount	%
Spot transactions								
Total	917	100%	1 033	100%	1 548	100%	1 060	100%
Of which: EUR/USD	414	45%	727	70%	930	60%	730	69%
EUR/GBP	111	12%	65	6%	156	10%	69	6%
EUR/Other	234	26%	141	14%	319	21%	161	15%
Outright forwards								
Total	104	100%	75	100%	821	100%	496	100%
Of which: EUR/USD	59	57%	55	73%	400	49%	72	15%
EUR/GBP	5	5%	5	7%	141	17%	13	3%
EUR/Other	25	24%	7	9%	175	21%	225	45%
Foreign exchange swaps								
Total	688	100%	826	100%	1 245	100%	1 974	100%
Of which: EUR/USD	547	80%	403	49%	532	43%	860	44%
EUR/GBP	50	7%	198	24%	37	3%	38	2%
EUR/Other	15	2%	136	16%	76	6%	189	10%
Currency swaps								
Total	0	0%	15	100%	0	0%	0	0%
Of which: EUR/USD	0	0%	15	100%	0	0%	0	0%
EUR/GBP	0	0%	0	0%	0	0%	0	0%
EUR/Other	0	0%	0	0%	0	0%	0	0%
Options and other derivatives								
Total	12	100%	12	100%	121	100%	124	100%
Of which: EUR/USD	2	17%	12	100%	58	48%	35	29%
EUR/GBP	0	0%	0	0%	4	4%	8	6%
EUR/Other	5	42%	0	0%	16	13%	19	16%
Foreign exchange market total								
Total	1 721	100%	1 961	100%	3 736	100%	3 654	100%
Of which: EUR/USD	1 022	59%	1 212	62%	1 919	51%	1 697	46%
EUR/GBP	166	10%	268	14%	338	9%	127	3%
EUR/Other	279	16%	284	14%	587	16%	594	16%

Table 4
Foreign exchange market by counterparty

Average daily turnover in April, in millions of US dollars and percentages

	2001		2004		2007		2010	
	Amount	%	Amount	%	Amount	%	Amount	%
Spot transactions	917	53%	1 033	53%	1 548	41%	1 060	29%
Financial institutions	653	38%	907	46%	1 306	35%	903	25%
Other	264	15%	126	6%	242	6%	157	4%
Outright forwards	104	6%	75	4%	821	22%	496	14%
Financial institutions	62	4%	44	2%	737	20%	319	9%
Other	42	2%	31	2%	85	2%	177	5%
Foreign exchange swaps	688	40%	826	42%	1 245	33%	1 974	54%
Financial institutions	594	35%	793	40%	1 225	33%	1 902	52%
Other	94	5%	33	2%	20	1%	72	2%
Currency swaps	0	0%	15	1%	0	0%	0	0%
Financial institutions	0	0%	15	1%	0	0%	0	0%
Other	0	0%	0	0%	0	0%	0	0%
Options and other derivatives	12	1%	12	1%	121	3%	124	3%
Financial institutions	8	0%	6	0%	108	3%	118	3%
Other	4	0%	6	0%	13	0%	5	0%
Foreign exchange market total	1 721	100%	1 961	100%	3 736	100%	3 654	100%
Financial institutions	1 317	77%	1 765	90%	3 376	90%	3 243	89%
Other	404	23%	196	10%	360	10%	411	11%
<i>Memo item:</i>								
<i>Local</i>	362	21%	292	15%	609	16%	403	11%
<i>Cross-border</i>	1 359	79%	1 669	85%	3 127	84%	3 171	87%

Table 5
Interest rate derivatives by currency

Average daily turnover in April, in percentages

	2001	2004	2007	2010
US dollar (USD)	9%	4%	9%	6%
Euro (EUR)	91%	94%	90%	89%
Pound sterling (GBP)	0%	2%	0%	4%
Other currencies	0%	0%	1%	1%

Table 6**Interest rate derivatives by counterparty**

Average daily turnover in April, in millions of US dollars and percentages

	2001		2004		2007		2010	
	Amount	%	Amount	%	Amount	%	Amount	%
Forward rate agreements	38	12%	29	3%	1	0%	4	1%
Financial institutions	38	12%	29	3%	1	0%	4	1%
Other	0	0%	0	0%	0	0%	0	0%
Interest rate swaps	288	88%	753	82%	635	81%	653	88%
Financial institutions	277	84%	719	78%	587	75%	641	87%
Other	11	3%	34	4%	47	6%	12	2%
Options and other derivatives	2	1%	134	15%	150	19%	81	11%
Financial institutions	2	1%	45	5%	92	12%	50	7%
Other	0	0%	89	10%	58	7%	32	4%
Interest rate derivatives total	328	100%	916	100%	786	100%	739	100%
Financial institutions	317	97%	793	87%	680	87%	695	94%
Other	11	3%	123	13%	105	13%	44	6%
<i>Memo item:</i>								
<i>Local</i>	38	11%	227	25%	112	14%	47	6%
<i>Cross-border</i>	290	88%	690	75%	674	86%	692	94%