



Statistics on Portugal compiled for the Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity – Turnover in April 2013¹

Banco de Portugal publishes the results of the Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity. It was conducted in April 2013, under the coordination of the Bank for International Settlements (BIS), with the participation of 53 central banks and monetary authorities worldwide, including Banco de Portugal.

The survey collected data on transactions in the foreign exchange market (spot transactions, outright forwards, foreign exchange swaps, currency swaps and options) and the interest rate derivatives market (forward rate agreements, swaps and options), focusing only on over-the-counter (OTC) transactions.

In Portugal, the survey covered 62 banks, which account for almost all of the Portuguese banking system.

The following are the main results of the survey (in US dollars (USD)² and in terms of average daily turnover) in April of each reference year. This statistical data is published in Chapter D.2 'Foreign exchange and derivatives market activity' of the Statistical Bulletin and on the BIS website (www.bis.org).

International activity

According to the preliminary results published by the BIS, in April 2013 daily turnover in the **foreign exchange market** totalled USD 5,345 billion worldwide (a marked increase compared with USD 3,971 billion in April 2010).

By country³ (see Chart 1), the United Kingdom remained dominant in terms of daily turnover (USD 2,726 billion), followed by the United States (USD 1,263 billion). In April 2013 these two countries accounted for around 60% of average daily turnover in the foreign exchange market worldwide (a 5% increase compared with April 2010).

In the euro area, a daily average of USD 603 billion was traded in the foreign exchange market in April 2013 (a 26% increase compared with April 2010 (USD 478 billion)). Despite increasing since 2001, average turnover in the euro area has been growing at a proportionally lower rate than in the rest of the world. The share of the euro area in average daily turnover worldwide decreased from 15% to 9% in the period under analysis.

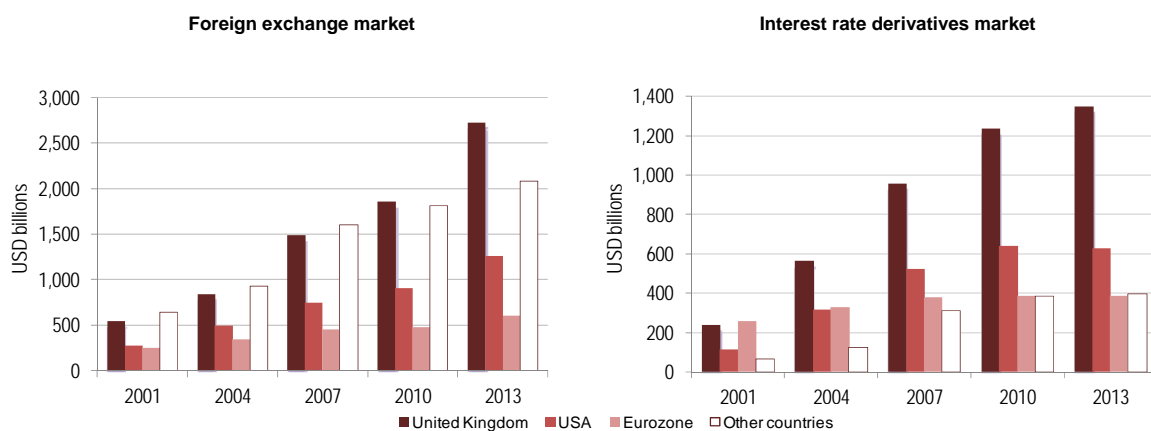
In the **interest rate derivatives market**, a daily average of USD 2,343 billion was traded in OTC single currency interest rate derivatives in April 2013 (a 14% increase compared with total turnover in April 2010 (USD 2,054 billion)). The United Kingdom and the United States also accounted for the vast majority of global turnover in this derivative (an average daily turnover of USD 1,348 billion and USD 628 billion respectively), representing around 72% of average daily turnover in April 2013 (71% in April 2010). Average daily turnover totalled USD 387 billion in the euro area, in line with the level observed in April 2010. The relative importance of the euro area also decreased in the interest rate derivatives segment (from 38% in 2001 to 14% in 2013).

¹ The survey's global results will be published on the BIS website (www.bis.org).

² For this international survey, the BIS established the US dollar as the reference currency.

³ 'Euro area' and 'Other countries' were aggregated by Banco de Portugal and are not adjusted for transactions between the countries which make up these aggregates. Data from the country aggregate 'Euro area' do not include data from Malta and Cyprus, as these countries did not participate in the survey.

**Chart 1 – Global turnover³
(daily averages in April)**



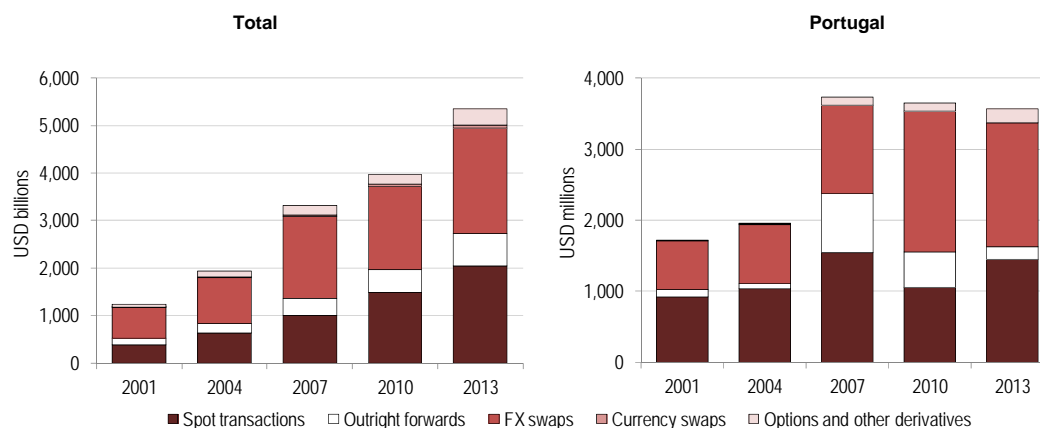
Source: BIS

Foreign exchange market

Foreign exchange swaps (FX swaps) remained the most actively traded instruments worldwide (see Chart 2), accounting for 42% of average daily turnover (44% in 2010). The relative importance of the other instruments remained roughly the same.

In Portugal, an average daily turnover of USD 3.6 billion was traded in the foreign exchange market (see Chart 2), standing close to the levels observed in 2007 and 2010, mostly due to transactions in the traditional foreign exchange market⁴ (USD 3.4 billion). FX swaps were the most actively traded instruments, accounting for 49% of average daily turnover (54% in 2010). Spot transactions accounted for 41% (29% in 2010), reflecting a change in the structure compared with 2010, with spot transactions increasing in importance, whereas the share of outright forwards and, to a lesser extent, FX swaps declined. Foreign exchange options accounted for the remaining activity (5%).

**Chart 2 – Foreign exchange market, by instrument
(daily averages in April)**



Sources: BIS and Banco de Portugal

⁴ Including the following instruments: spot transactions, outright forwards and FX swaps.

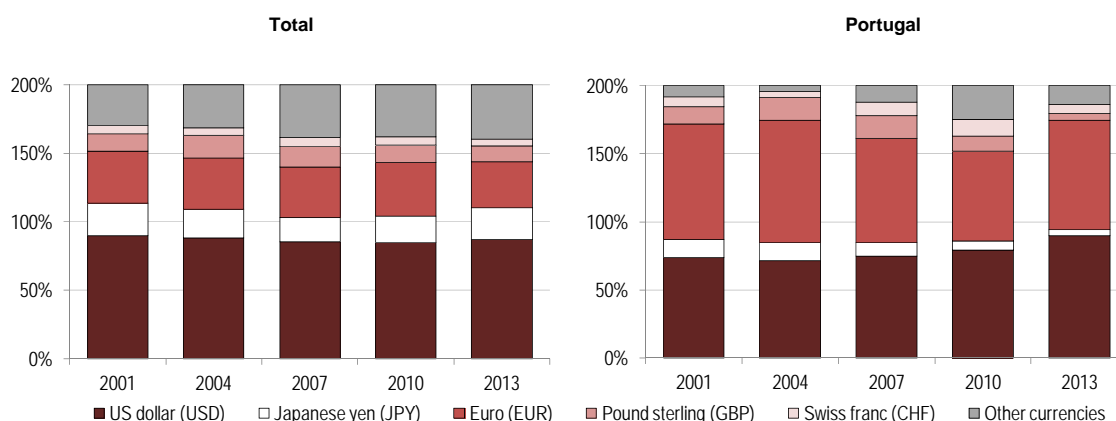
In the foreign exchange market, as two currencies are involved in each transaction, the breakdown by currency totals 200% of total turnover (see Chart 3).

The US dollar remained the most traded currency both in global and domestic terms (it was on one side of 87% and 90% of transactions respectively).

From 2010 to 2013, the relative importance of the euro decreased from 39% to 33%. In Portugal, the euro grew the most in relative importance (from 66% to 80%). In both cases, the euro remained the second most traded currency.

The relative importance of Other currencies has remained constant since 2007, accounting for around 40% of total turnover worldwide. In Portugal, the share of Other currencies is much less important, representing only 14% of total turnover (25% in 2010).

Chart 3 – Foreign exchange market, by currency



Sources: BIS and Banco de Portugal

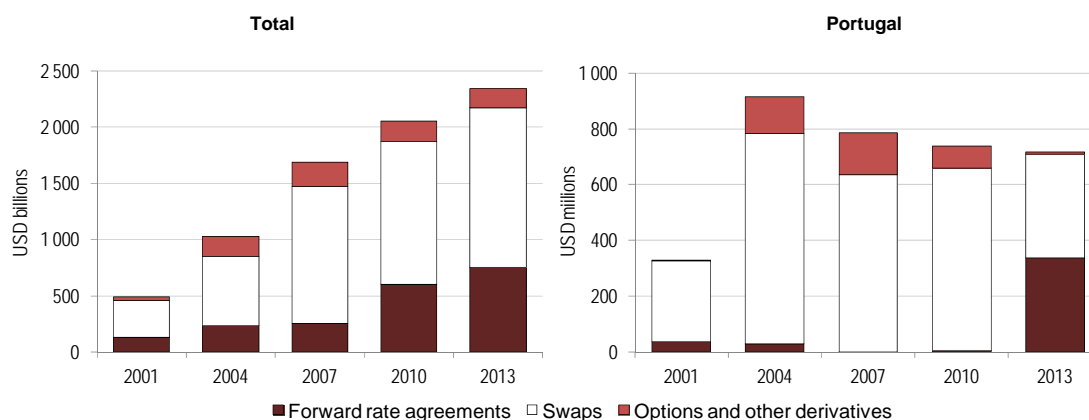
In Portugal, the EUR/USD was the most traded currency pair, accounting for 72% of total daily activity in the foreign exchange market (46% in 2010). Spot transactions and FX swaps contributed to this, having been used in 77% and 70% of transactions respectively.

Interest rate derivatives

Swaps remain the most popular instruments worldwide (see Chart 4), accounting for 60% of average daily turnover (62% in 2010). Forward rate agreements represent 32% of average daily turnover (29% in 2010).

In Portugal, a daily average of USD 0.7 billion was traded in interest rate derivatives in April 2013, slightly below the level observed in 2010. Swaps were also the instrument with the highest relative importance in Portugal (52% of average daily turnover). Nevertheless, they decreased markedly in importance compared with April 2010 (when they accounted for a relative share of 88%). By contrast, the relative importance of forward rate agreements increased from 1% to 47%. Options transactions decreased considerably, totalling only 1% of average daily turnover (compared with 11% in 2010).

**Chart 4 – Interest rate derivatives, by instrument
(daily averages in April)**

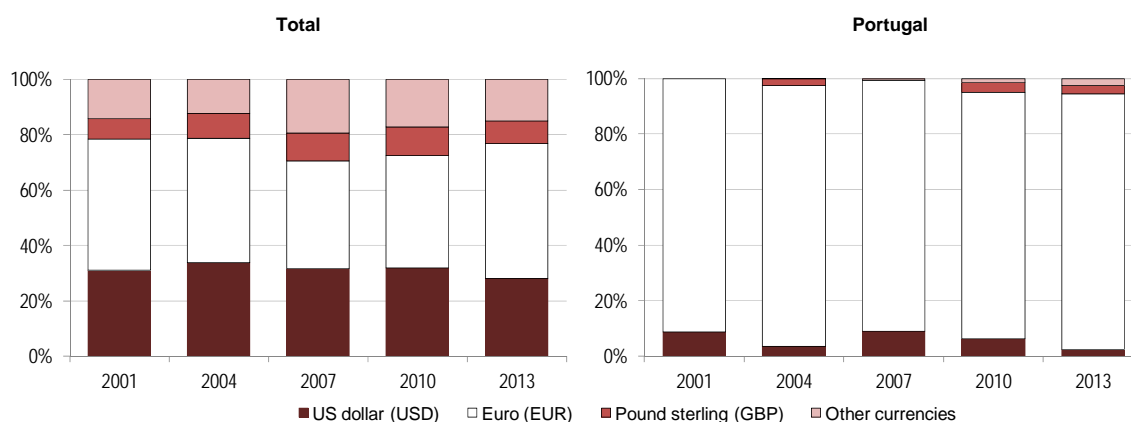


Sources: BIS and Banco de Portugal

In 2013 the euro strengthened its position as the most traded currency in interest rate derivative transactions (see Chart 5), being on one side of 49% of total turnover worldwide (compared with 41% in 2010). By contrast, the relative share of both the US dollar and pound sterling registered a decrease (from 32% and 10% in 2010 to 28% and 8% respectively).

In Portugal, the euro remained the most traded currency in interest rate derivatives with a relative importance of 92% (89% in 2010). USD interest rate turnover decreased compared with 2010, with its relative share declining from around 6% to 3%. Pound sterling accounted for 3% of this market's activity.

**Chart 5 – Interest rate derivatives, by currency
(daily averages in April)**



Sources: BIS and Banco de Portugal