

Press release

September 16, 2019

Bank for International Settlements (BIS) Triennial Central Bank Survey of foreign exchange and derivatives market activity in April 2019

I. General aspects

Banco de México participated in the twelfth Triennial Central Bank survey of foreign exchange and over-the-counter (OTC) derivatives market activity undertaken by the Bank for International Settlements (BIS). As in previous occasions, the objective of this survey is to obtain consistent and exhaustive information on the size, structure, and activity in the aforementioned markets at a global scale. This year 53 central banks and monetary authorities took part in the survey and collected data from approximately 1,300 banks and other dealers in their respective jurisdictions.

Amongst the results from the survey, the following stand out:

- ***Trading in global foreign exchange markets increased 29% with respect to the 2016 survey, reaching a daily turnover of 6.6 trillion dollars.***
- ***The Mexican peso ranked as the fifteenth most traded currency in the world, and remained as the second most traded currency amongst those of developing countries¹, surpassed only by the Chinese renminbi.***
- ***Global turnover in the Mexican peso² increased 17% when compared to the survey conducted in April 2016³, totaling a daily average turnover of approximately 114 billion dollars. On a local scale the trading volume of the Mexican peso was around 21 billion dollars⁴.***

¹ According to the classification used by the International Monetary Fund in its latest World Economic Outlook. Information available in the following link: <https://www.imf.org/external/pubs/ft/weo/2019/01/weodata/groups.htm>.

² Peso transactions against the US dollar and other currencies in the spot, forward, swap, and option markets.

³ The 2016 survey data is available in the following link: <https://www.bis.org/publ/rpfx16.htm>.

⁴ Amount not adjusted for local and cross-border inter-dealer double-counting (i.e. "gross-gross" basis).

As is the case every three years, Banco de México collaborates with the BIS in gathering consistent and comparable information on foreign exchange market transactions around the world. This Triennial Survey is the most exhaustive source on the size and structure of the global foreign exchange and OTC derivatives markets. Hence, the results obtained from these surveys have permitted policymakers, financial authorities, and other market participants to monitor the evolution of the market, identify its main characteristics, and understand the particular weight that each currency and instrument holds in worldwide daily operations.

This year's survey shows that the Mexican peso's operating volume increased when compared to the previous survey, although at a lower rate than the increase observed in the aggregate market. Therefore, the Mexican peso ranked fifteenth among the world's most traded currencies, placing second amongst emerging market currencies after the Chinese renminbi. In the aggregate, the peso's daily turnover increased from 97.056 billion dollars in 2016 to 113.717 billion in 2019, which represents 1.7% of global turnover (Table 1). Furthermore, the survey shows that 83% of the daily turnover takes place outside of Mexico, a percentage similar to the one observed in the latest surveys. This is explained by the fact that transactions involving the Mexican peso take place globally and 24 hours a day.

The results from this survey validate the effort and measures undertaken by Mexican authorities over the years in order to develop the foreign exchange market by offering a transparent, reliable, and consistent regulatory framework and trading conditions in line with international standards. Consequently, it is of the utmost importance to have credibility on the implementation of economic and foreign exchange policies as they constitute a fundamental pillar in fostering the Mexican peso foreign exchange market.

Table 1: Currency distribution of global foreign exchange market turnover

Percentage share of average daily turnover in April

Global Position	2010		2013		2016		2019	
	Currency	Share	Currency	Share	Currency	Share	Currency	Share
1	U.S. dollar	84.9	U.S. dollar	87.0	U.S. dollar	87.6	U.S. dollar	88.3
2	Euro	39.0	Euro	33.4	Euro	31.4	Euro	32.3
3	Japanese yen	19.0	Japanese yen	23.0	Japanese yen	21.6	Japanese yen	16.8
4	Pound sterling	12.9	Pound sterling	11.8	Pound sterling	12.8	Pound sterling	12.8
5	Australian dollar	7.6	Australian dollar	8.6	Australian dollar	6.9	Australian dollar	6.8
6	Swiss franc	6.3	Swiss franc	5.2	Canadian dollar	5.1	Canadian dollar	5.0
7	Canadian dollar	5.3	Canadian dollar	4.6	Swiss franc	4.8	Swiss franc	5.0
8	Hong Kong dollar	2.4	Mexican peso	2.5	Chinese renminbi	4.0	Chinese renminbi	4.3
9	Swedish krona	2.2	Chinese renminbi	2.2	Swedish krona	2.2	Hong Kong dollar	3.5
10	New Zealand dollar	1.6	New Zealand dollar	2.0	New Zealand dollar	2.1	New Zealand dollar	2.1
11	Korean won	1.5	Swedish krona	1.8	Mexican peso	1.9	Swedish krona	2.0
12	Singapore dollar	1.4	Russian ruble	1.6	Singapore dollar	1.8	Korean won	2.0
13	Norwegian krone	1.3	Norwegian krone	1.4	Hong Kong dollar	1.7	Singapore dollar	1.8
14	Mexican peso	1.3	Hong Kong dollar	1.4	Norwegian krone	1.7	Norwegian krone	1.8
15	Indian rupee	0.9	Singapore dollar	1.4	Korean won	1.7	Mexican peso	1.7
16	Russian ruble	0.9	Turkish lira	1.3	Turkish lira	1.4	Indian rupee	1.7
17	Chinese renminbi	0.9	Korean won	1.2	Russian ruble	1.1	Russian ruble	1.1
18	Polish zloty	0.8	South African rand	1.1	Indian rupee	1.1	South African rand	1.1
19	Turkish lira	0.7	Brazilian real	1.1	Brazilian real	1.0	Turkish lira	1.1
20	South African rand	0.7	Indian rupee	1.0	South African rand	1.0	Brazilian real	1.1

Source: Bank for International Settlements

Note: As there are two currencies involved in each transaction, the sum of the total participation percentage equals 200% instead of 100%.

In terms of Mexico's relevance as a financial center, the geographic distribution of daily operations show that 0.2% of total foreign exchange market turnover takes place in our country, maintaining a relatively stable share during the last surveys (Table 2).

"2019, Año del Caudillo del Sur, Emiliano Zapata"

Table 2: Geographical distribution of global foreign exchange market turnover

Billions of U.S. dollars , percentage

Country	2001		2004		2007		2010		2013		2016		2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Argentina	...	...	1	0.0	1	0.0	2	0.0	1	0.0	1	0.0	2	0.0
Australia	54	3.2	107	4.1	176	4.1	192	3.8	182	2.7	121	1.9	119	1.4
Austria	8	0.5	15	0.6	19	0.4	20	0.4	15	0.2	19	0.3	16	0.2
Bahrain	3	0.2	3	0.1	3	0.1	5	0.1	9	0.1	6	0.1	2	0.0
Belgium	10	0.6	21	0.8	50	1.2	33	0.6	22	0.3	23	0.4	36	0.4
Brazil	6	0.4	4	0.2	6	0.1	14	0.3	17	0.3	20	0.3	19	0.2
Bulgaria	...	...	...	...	1	0.0	1	0.0	2	0.0	2	0.0	2	0.0
Canada	44	2.6	59	2.3	64	1.5	62	1.2	65	1.0	86	1.3	109	1.3
Chile	2	0.1	2	0.1	4	0.1	6	0.1	12	0.2	7	0.1	8	0.1
China	...	...	1	0.0	9	0.2	20	0.4	44	0.7	73	1.1	136	1.6
Chinese Taipei	5	0.3	9	0.3	16	0.4	18	0.4	26	0.4	27	0.4	30	0.4
Colombia	0	0.0	1	0.0	2	0.0	3	0.1	3	0.0	4	0.1	4	0.0
Czech Republic	2	0.1	2	0.1	5	0.1	5	0.1	5	0.1	4	0.1	7	0.1
Denmark	24	1.4	42	1.6	88	2.1	120	2.4	117	1.8	101	1.5	63	0.8
Estonia	...	...	0	0.0	1	0.0	1	0.0	0	0.0	...	...	...	...
Finland	2	0.1	2	0.1	8	0.2	31	0.6	15	0.2	14	0.2	7	0.1
France	50	2.9	67	2.6	127	3.0	152	3.0	190	2.8	181	2.8	167	2.0
Germany	91	5.3	120	4.6	101	2.4	109	2.2	111	1.7	116	1.8	124	1.5
Greece	5	0.3	4	0.2	5	0.1	5	0.1	3	0.0	1	0.0	1	0.0
Hong Kong	68	4.0	106	4.1	181	4.2	238	4.7	275	4.1	437	6.7	632	7.6
Hungary	1	0.1	3	0.1	7	0.2	4	0.1	4	0.1	3	0.1	4	0.0
India	3	0.2	7	0.3	38	0.9	27	0.5	31	0.5	34	0.5	40	0.5
Indonesia	4	0.2	2	0.1	3	0.1	3	0.1	5	0.1	5	0.1	7	0.1
Ireland	9	0.5	7	0.3	11	0.3	15	0.3	11	0.2	2	0.0	7	0.1
Israel	1	0.1	5	0.2	8	0.2	10	0.2	8	0.1	8	0.1	7	0.1
Italy	18	1.1	23	0.9	38	0.9	29	0.6	24	0.4	18	0.3	17	0.2
Japan	153	9.0	207	7.9	250	5.8	312	6.2	374	5.6	399	6.1	376	4.5
Korea	10	0.6	21	0.8	35	0.8	44	0.9	48	0.7	48	0.7	55	0.7
Latvia	...	...	2	0.1	3	0.1	2	0.0	2	0.0	1	0.0	0	0.0
Lithuania	...	...	1	0.0	1	0.0	1	0.0	1	0.0	0	0.0	0	0.0
Luxembourg	13	0.8	15	0.6	44	1.0	33	0.7	51	0.8	37	0.6	58	0.7
Malaysia	1	0.1	2	0.1	3	0.1	7	0.1	11	0.2	8	0.1	10	0.1
Mexico	9	0.5	15	0.6	15	0.4	17	0.3	32	0.5	20	0.3	20	0.2
Netherlands	31	1.8	52	2.0	25	0.6	18	0.4	112	1.7	85	1.3	64	0.8
New Zealand	4	0.2	7	0.3	13	0.3	9	0.2	12	0.2	10	0.2	9	0.1
Norway	13	0.8	14	0.5	32	0.7	22	0.4	21	0.3	40	0.6	30	0.4
Peru	0	0.0	0	0.0	1	0.0	1	0.0	2	0.0	1	0.0	2	0.0
Philippines	1	0.1	1	0.0	2	0.0	5	0.1	4	0.1	3	0.0	4	0.0
Poland	5	0.3	7	0.3	9	0.2	8	0.2	8	0.1	9	0.1	9	0.1
Portugal	2	0.1	2	0.1	4	0.1	4	0.1	4	0.1	2	0.0	2	0.0
Romania	...	...	...	...	3	0.1	3	0.1	3	0.1	3	0.0	2	0.0
Russia	10	0.6	30	1.2	50	1.2	42	0.8	61	0.9	45	0.7	47	0.6
Saudi Arabia	2	0.1	2	0.1	4	0.1	8	0.1	7	0.1	8	0.1	6	0.1
Singapore	104	6.1	134	5.1	242	5.7	266	5.3	383	5.7	517	7.9	633	7.6
Slovakia	1	0.1	2	0.1	3	0.1	0	0.0	1	0.0	2	0.0	1	0.0
Slovenia	0	0.0	0	0.0	0	0.0	...	...	...	...	...	...	...	...
South Africa	10	0.6	10	0.4	14	0.3	14	0.3	21	0.3	21	0.3	20	0.2
Spain	8	0.5	14	0.5	17	0.4	29	0.6	43	0.6	33	0.5	41	0.5
Sweden	25	1.5	32	1.2	44	1.0	45	0.9	44	0.7	42	0.6	37	0.4
Switzerland	76	4.5	85	3.3	254	5.9	249	4.9	216	3.2	156	2.4	276	3.3
Thailand	2	0.1	3	0.1	6	0.1	7	0.1	13	0.2	11	0.2	14	0.2
Turkey	1	0.1	3	0.1	4	0.1	17	0.3	27	0.4	22	0.3	19	0.2
United Arab Emirates	...	...	...	...	...	...	...	...	...	...	...	...	46	0.6
United Kingdom	542	31.8	835	32.0	1,483	34.6	1,854	36.7	2,726	40.8	2,406	36.9	3,576	43.2
United States	273	16.0	499	19.1	745	17.4	904	17.9	1,263	18.9	1,272	19.5	1,370	16.5
Total	1,705	100	2,608	100	4,281	100	5,045	100	6,686	100	6,514	100	8,294	100

Source: Bank for International Settlements

Note: Daily average during April, amount adjusted for local inter-dealer double-counting (i.e. "net-gross" basis)

The tables below contain data collected by Banco de México from the local foreign exchange and interest rate derivatives markets, which was provided to the BIS as part of the global survey. The amounts shown represent daily averages expressed in millions of US dollars and the methodology used is available in the following link: <https://www.bis.org/statistics/rpfx19.htm>.

II. Relevant aspects of local trading volume

In order to gather information for the global survey, twenty financial institutions in Mexico contributed in the compilation of the data. These institutions have the highest participation in the domestic foreign exchange market and together represent 93% of local activity. The survey shows that in April 2019 daily turnover for Mexican peso transactions was 21.167 billion dollars, which represents a 3% increase from 2016 (Table 3). Turnover in spot transactions increased 23%, while turnover in swaps decreased 4%. Similar to the trend observed in the latest surveys, around 98% of the Mexican peso transactions were against the US dollar.

Additionally, local market participants reported a daily turnover for US dollar transactions, against currencies other than the Mexican peso, of 877 million dollars (Table 4).

Table 3: Foreign exchange turnover. Mexican peso against other currencies

Instruments	Foreign exchange contracts ¹							TOT
	Average daily turnover (April 2019) US dollar (millions)							
	MXN against							
	USD	EUR	JPY	GBP	CHF	CAD	OTHER	
Spot ²	7,182	184	36	27	5	18	1	7,453
Forwards ³	872	6	0	0	0	0	0	878
FX Swaps ⁴	12,004	127	1	29	4	8	0	12,173
Currency Swaps ⁵	238	2	0	0	12	0	0	253
Options ⁶	387	24	0	0	0	0	0	410

¹ All OTC transactions involving exposure in more than one currency in exchange rate or interest rate operations.

² Simple spot settlement transactions. Includes same day and 24-hour transactions. Excludes "tomorrow/next day" transactions and settlements after 48 hours

³ Simple transactions for settlement after 48 hours.

⁴ Operations involving both a buy and sell transaction. Each part of the swap is not considered as a separate independent trade. Includes "tomorrow/next day" transactions.

⁵ Cross currency swaps are agreements between two parties to exchange interest payments and principal on loans denominated in two different currencies. Each part of the swap is not considered as a separate independent trade.

⁶ OTC options are agreements that offer the buyer the right, but not the obligation, to buy or sell a currency at a determined exchange rate and term. It can include currency warrants and multicurrency swaptions. Note: Amount not adjusted for local and cross-border inter-dealer double-counting (i.e. "gross-gross" basis). The abbreviations are defined as follows: MXN=Mexican peso, USD=US dollar, EUR=Euro, JPY=Japanese yen, GBP=Pound sterling, CHF=Swiss franc, and CAD=Canadian dollar.

Table 4: Foreign exchange turnover. US dollar against currencies other than the Mexican peso.

Foreign exchange contracts ¹
Average daily turnover (April 2019)
US dollar (millions)

Instruments	USD against currencies different than MXN					
	EUR	JPY	GBP	CHF	OTHER	TOT
Spot ²	255	61	18	26	176	537
Forwards ³	15	1	0	0	43	60
FX Swaps ⁴	121	18	20	5	1	166
Cross currency Swaps ⁵	0	0	0	0	9	9
Options ⁶	30	25	0	25	25	105

1 All OTC transactions involving exposure in more than one currency in exchange rate or interest rate operations.

2 Simple spot settlement transactions. Includes same day and 24-hour transactions. Excludes "tomorrow/next day" transactions and settlements after 48 hours.

3 Simple transactions for settlement after 48 hours.

4 Operations involving both a buy and sell transaction. Each part of the swap is not considered as a separate independent trade. Includes "tomorrow/next day" transactions.

5 Cross currency swaps are agreements between two parties to exchange interest payments and principal on loans denominated in two different currencies. Each part of the swap is not considered as a separate independent trade.

6 OTC options are agreements that offer the buyer the right, but not the obligation, to buy or sell a currency at a determined exchange rate and term. It can include currency warrants and multicurrency swaptions.

Note: Amount not adjusted for local and cross-border inter-dealer double-counting (i.e. "gross-gross" basis). The abbreviations are defined as follows: MXN=Mexican peso, USD=US dollar, EUR=Euro, JPY=Japanese yen, GBP=Sterling pound and CHF=Swiss franc.

Finally, turnover involving single currency interest rate derivatives, increased in the last three years. Interest rate swaps continue to represent the largest share of daily turnover, with operations amounting to 1.822 billion dollars (Table 5).

Table 5: OTC Options and Interest Rate Swaps. Single currency

Single currency interest rate derivatives ¹
Average daily volume (April 2019)
US dollar (millions)

Instruments	MXN	USD	OTHER	TOTAL
OTC options ²	45	22	0	67
Interest rate swaps ³	1,595	226	1	1,822

1 All OTC transaction involving exposure to interest rate denominated in a single currency. Includes "fixed for floating rate" and "floating for floating rate" agreements.

2 OTC options are agreements that offer the buyer the right, but not the obligation, to pay or receive an interest rate on a determined notional amount at a determined time.

3 Agreement that commits the counterparties to exchange interest rate flows; it may be fixed or floating. Each part of the swap is not considered a separate independent trade.

Note: Amount not adjusted for local and cross-border inter-dealer double-counting (i.e. "gross-gross" basis). Abbreviations are defined as follows: MXN=Mexican peso and USD=US dollar.