



Press Release

September 5, 2013

Bank for International Settlements' Triennial Survey on Foreign Exchange and OTC Derivatives Turnover in April 2013

I. General issues

Once again Banco de México collaborated with more than 53 central banks and monetary authorities around the world to conduct the Triennial Survey on Foreign Exchange and OTC Derivatives Trading organized by the Bank for International Settlements (BIS). Participants collected data from about 1,300 banks and other dealers in their jurisdictions and reported national aggregates to the BIS, which then calculated global aggregates.

Highlights of the 2013 survey:

- *The Mexican peso ranked eighth among the world's most traded currencies, even ahead of some developed nation's currencies, and currently stands as the most traded among those of developing countries.*
- *Global peso¹ turnover increased significantly, totaling 135 billion dollars per day, of which close to 31 billion dollars are transacted in Mexico.*
- *As in the previous survey, the results show that most of the Mexican peso trading volume takes place outside of Mexico, with the US dollar as the main currency pair.*

¹ Peso transactions against the US dollar and other currencies in the spot, forward, swaps and option markets.

Banco de México has collaborated with the BIS for several years on the collection of consistent and comparable information on global foreign exchange market transactions. The results of these surveys have helped policymakers and market participants to better monitor patterns of activity in such markets, to identify its main characteristics, and to have a sense on each currency's weight in global trading as well as on the transaction's vehicles.

The survey shows that the Mexican peso ranked eighth among the most traded currencies worldwide, and in the first place among those of developing countries. The peso's global daily turnover rose significantly from roughly 50 billion dollars in 2010 to 135 billion this year. Survey data also shows that 77% of the transactions involving the peso are between financial institutions outside of the country, this compares with 67% in 2010.

The results of this survey reflect the measures taken by the Mexican authorities to boost confidence in the local FX market by offering a transparent and reliable regulatory framework alongside the best international practices. It should be recalled that Mexican peso transactions occur globally and 24 hours a day. Likewise, the credibility on the conduction of the domestic economic policy, particularly the foreign exchange policy, has played a fundamental role for fostering the development of the Mexican peso market.

As already mentioned, the Mexican peso stands among the top ten traded currencies globally, only after those of the G7 countries, and is noticeably ahead of some currencies that have stood out for its liquidity in most of the major financial centers, such as the Swedish and Norwegian krone, the New Zealand dollar, the Singapore dollar, and the Hong Kong dollar (table 1).

Table 1: Currency distribution of global foreign exchange market turnover

Rank	Percentage shares of average daily turnover in April ¹							
	2004		2007		2010		2013	
	Currency	Share	Currency	Share	Currency	Share	Currency	Share
1	U.S. dollar	88.0	U.S. dollar	85.6	U.S. dollar	84.9	U.S. dollar	87.0
2	Euro	37.4	Euro	37.0	Euro	39.1	Euro	33.6
3	Japanese yen	20.8	Japanese yen	17.2	Japanese yen	19.0	Japanese yen	23.2
4	Sterling	16.5	Sterling	14.9	Sterling	12.9	Sterling	11.9
5	Swiss franc	6.0	Swiss franc	6.8	Australian dollar	7.6	Australian dollar	8.7
6	Australian dollar	6.0	Australian dollar	6.6	Swiss franc	6.3	Swiss franc	5.2
7	Canadian dollar	4.2	Canadian dollar	4.3	Canadian dollar	5.3	Canadian dollar	4.6
8	Swedish krona	2.2	Hong Kong dollar	2.7	Hong Kong dollar	2.4	Mexican peso	2.6
9	Hong Kong dollar	1.8	Swedish krona	2.7	Swedish krona	2.2	New Zealand dollar	2.0
10	Norwegian krone	1.4	Norwegian krone	2.1	New Zealand dollar	1.6	Swedish krona	1.8
11	Korean won	1.1	New Zealand dollar	1.9	Korean won	1.5	Chinese renminbi	1.6
12	Mexican peso	1.1	Mexican peso	1.3	Singapore dollar	1.4	Russian ruble	1.6
13	New Zealand dollar	1.1	Singapore dollar	1.2	Norwegian krone	1.3	Norwegian krone	1.4
14	Singapore dollar	0.9	Korean won	1.2	Mexican peso	1.3	Hong Kong dollar	1.4
15	Danish crown	0.9	South African rand	0.9	Indian rupee	1.0	Singapore dollar	1.4

Source: Bank for International Settlements.

¹ Adjusted for local and cross-border inter-dealer double-counting. Because two currencies are involved in each transaction, the sum of the percentage shares of individual currencies totals 200% instead of 100%.

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Mexico's relevance as a financial center considering the geographical distribution of FX transactions shows that 0.5% of all global daily foreign exchange operations take place in our country, a percentage that has remained stable over the last decade (Table 2).

Table 2: Geographical distribution of global foreign exchange market turnover¹

Billions of U.S. dollars, percentage

Country	1998		2001		2004		2007		2010		2013	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Argentina	2	0.1	...	...	1	0	1	0	2	0	1	0
Australia	48	2.3	54	3.2	107	4.1	176	4.1	192	3.8	182	2.7
Austria	12	0.6	8	0.5	15	0.6	19	0.4	20	0.4	17	0.3
Bahrain	3	0.1	3	0.2	3	0.1	3	0.1	5	0.1	9	0.1
Belgium	27	1.3	10	0.6	21	0.8	50	1.2	33	0.6	22	0.3
Brazil	5	0.2	6	0.3	4	0.1	6	0.1	14	0.3	17	0.3
Bulgaria	...	...	...	...	...	...	1	0	1	0	2	0
Canada	38	1.8	44	2.6	59	2.3	64	1.5	62	1.2	65	1
Chile	1	0.1	2	0.1	2	0.1	4	0.1	6	0.1	12	0.2
China	0	0	...	...	1	0	9	0.2	20	0.4	...	...
Chinese Taipei	5	0.2	5	0.3	9	0.4	16	0.4	18	0.4	26	0.4
Colombia	...	...	0	0	1	0	2	0	3	0.1	3	0.1
Czech Republic	5	0.2	2	0.1	2	0.1	5	0.1	5	0.1	5	0.1
Denmark	28	1.3	24	1.4	42	1.6	88	2.1	120	2.4	103	1.6
Estonia	...	...	...	...	0	0	1	0	1	0	0	0
Finland	4	0.2	2	0.1	2	0.1	8	0.2	31	0.6	15	0.2
France	77	3.7	50	2.9	67	2.6	127	3	152	3	190	2.9
Germany	100	4.7	91	5.4	120	4.6	101	2.4	109	2.2	111	1.7
Greece	7	0.3	5	0.3	4	0.2	5	0.1	5	0.1	3	0
Hong Kong	80	3.8	68	4	106	4.1	181	4.2	238	4.7	275	4.1
Hungary	1	0.1	1	0	3	0.1	7	0.2	4	0.1	4	0.1
India	2	0.1	3	0.2	7	0.3	38	0.9	27	0.5	31	0.5
Indonesia	2	0.1	4	0.2	2	0.1	3	0.1	3	0.1	5	0.1
Ireland	11	0.5	9	0.5	7	0.3	11	0.3	15	0.3	11	0.2
Israel	...	...	1	0.1	5	0.2	8	0.2	10	0.2	8	0.1
Italy	29	1.4	18	1	23	0.9	38	0.9	29	0.6	24	0.4
Japan	146	7	153	9	207	8	250	5.8	312	6.2	374	5.6
Korea	4	0.2	10	0.6	21	0.8	35	0.8	44	0.9	48	0.7
Latvia	...	...	...	...	2	0.1	3	0.1	2	0	2	0
Lithuania	...	...	...	...	1	0	1	0	1	0	1	0
Luxembourg	23	1.1	13	0.8	15	0.6	44	1	33	0.7	51	0.8
Malaysia	1	0.1	1	0.1	2	0.1	3	0.1	7	0.1	11	0.2
Mexico	9	0.4	9	0.5	15	0.6	15	0.4	17	0.3	32	0.5
Netherlands	43	2	31	1.8	52	2	25	0.6	18	0.4	112	1.7
New Zealand	7	0.3	4	0.2	7	0.3	13	0.3	9	0.2	12	0.2
Norway	9	0.4	13	0.8	14	0.6	32	0.7	22	0.4	21	0.3
Peru	...	...	0	0	0	0	1	0	1	0	2	0
Philippines	1	0	1	0.1	1	0	2	0.1	5	0.1	4	0.1
Poland	3	0.1	5	0.3	7	0.3	9	0.2	8	0.2	8	0.1
Portugal	4	0.2	2	0.1	2	0.1	4	0.1	4	0.1	4	0.1
Romania	...	...	...	...	...	...	3	0.1	3	0.1	3	0.1
Russia	7	0.3	10	0.6	30	1.1	50	1.2	42	0.8	61	0.9
Saudi Arabia	2	0.1	2	0.1	2	0.1	4	0.1	5	0.1	5	0.1
Singapore	145	6.9	104	6.1	134	5.1	242	5.6	266	5.3	383	5.8
Slovakia	...	...	1	0	2	0.1	3	0.1	0	0	1	0
Slovenia	...	...	0	0	0	0	0	0	...	...	...	...
South Africa	9	0.4	10	0.6	10	0.4	14	0.3	14	0.3	21	0.3
Spain	20	1	8	0.5	14	0.5	17	0.4	29	0.6	43	0.6
Sweden	16	0.8	25	1.5	32	1.2	44	1	45	0.9	44	0.7
Switzerland	92	4.4	76	4.5	85	3.3	254	5.9	249	4.9	216	3.3
Thailand	3	0.1	2	0.1	3	0.1	6	0.1	7	0.1	13	0.2
Turkey	...	...	1	0.1	3	0.1	4	0.1	17	0.3	27	0.4
United Kingdom	685	32.6	542	31.8	835	32	1,483	34.6	1,854	36.8	2,726	41.1
United States	383	18.3	273	16	499	19.1	745	17.4	904	17.9	1,263	19.1
Total	2,099	100	1,705	100	2,608	100	4,281	100	5,043	100	6,671	100

Source: Bank for International Settlements.

1. Adjusted for local inter-dealer double-counting.

The tables below contain data collected by Banco de Mexico on local foreign exchange and interest rate derivatives markets provided to the BIS as part of the global survey. The figures are daily averages in millions of US dollars and were adjusted to avoid double-counting. More information about the methodology and the overall results of the survey can be found at the following web site: www.bis.org/publ/rpfx13.htm.

II. Relevant issues of local trading volume

The eighteen financial institutions with the largest foreign exchange turnover were invited to participate in the survey. All together represent around the 95% of local activity. The survey shows that the Mexican peso's total turnover averaged 31 billion dollars per day in April 2013, an 89% increase over the same period in 2010. This increase was driven by spot and FX swaps transactions, representing 21% and 72% respectively, while forward volumes contributed only with 5%² (Tables 3 and 4).

Table 3: Spot, Forwards and Swaps. Mexican Peso vs. Other Currencies

Instruments	EXCHANGE RATE CONTRACTS ¹							
	Average daily turnover (April 2013) (million USD)							
	MXN against							
	USD	EUR	JPY	GBP	CHF	CAD	Others	TOT
SPOT ²	6,383	158	19	9	2	5	1	6,577
FORWARDS ³	1,627	24	21	1	0	0	1	1,674
SWAPS ⁴	22,301	17	1	1	0	2	0	22,322

¹ All OTC transactions involving exposure to more than one currency.

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

³ Simple transactions for 48 hours settlements.

⁴ Transaction involving a simultaneous buy and sell. A swap is considered a single transaction because both legs of the transaction are not registered separately. Includes "tomorrow/next day" transactions.

The abbreviations are defined as follows: MXN = Mexican peso, USD = U.S. dollar, EUR = Euro, JPY = Japanese yen, GBP = British pound, CHF = Swiss franc and CAD = Canadian dollar.

² According to the 2010 BIS triennial survey, foreign currency swap transactions accounted for 63% of the total traded amount in Mexico while spot transactions represented 30% and forwards only 5%.

Table 4: Spot, Forwards and Swaps. Dollar vs. Currencies Other than the Mexican Peso

Instruments	EXCHANGE RATE CONTRACTS ¹					
	Average daily turnover (April 2013) (million USD)					
	USD against					
	EUR	JPY	GBP	CHF	Others	TOT
SPOT ²	414	6	16	1	45	482
FORWARDS ³	12	6	7	2	302	330
SWAPS ⁴	123	0	0	0	0	123

¹ All OTC transactions involving exposure to more than one currency.

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

³ Simple transactions for 48 hours settlements.

⁴ Transaction involving a simultaneous buy and sell. A swap is considered a single transaction because both legs of the transaction are not registered separately. Includes "tomorrow/next day" transactions.

The abbreviations are defined as follows: USD = U.S. dollar, EUR = Euro, JPY = Japanese yen , GBP = British pound and CHF = Swiss franc.

As in previous surveys, 99% of peso transactions are conducted against the US dollar, followed by transactions with euros with only 0.7%. In addition, results concerning the maturity of different instruments show a similar structure to those in past surveys, with 95% of swap transactions still maturing in seven days or less, while the 72% of forward transactions have maturities between 7 days and up to one year³. On the other hand, foreign exchange transactions involving options and other derivatives represent a small proportion of market activity (Tables 5 and 6).

³ In 2010, 95% of foreign exchange swaps also matured in less than 7 days and 79% of forwards matured between 7 days and one year.

Table 5: Interest Rate Swaps and OTC Options. Mexican Peso vs. Other Currencies

Instruments	EXCHANGE RATE CONTRACTS ¹		
	Average daily turnover (April 2013) (million USD)		
	MXN against		
	USD	Others	TOT
INTEREST RATE SWAPS ² (TWO CURRENCIES)	251	10	261
OTC OPTIONS SOLD ³	131	4	135
OTC OPTIONS BOUGHT ³	114	4	118

1 All OTC transactions involving exposure to more than one currency.

2 Contract which binds two counterparties to exchange streams of interest payments in different currencies. A swap is considered a single transaction because both legs of the transaction are not registered separately.

3 Option contract giving the right to buy or sell a currency with another currency at a specified exchange rate. Includes currency warrants and multicurrency swaptions.

The abbreviations are defined as follows: MXN = Mexican peso and USD = U.S. dollar.

Table 6: Interest Rate Swaps and OTC Options. Dollar vs. Currencies Other than the Mexican peso

Instruments	FOREIGN EXCHANGE CONTRACTS ¹			
	Average daily turnover (April 2013) (million USD)			
	USD against			
	EUR	CAD	Others	TOT
INTEREST RATE SWAPS ² (TWO CURRENCIES)	3	0	0	3
OTC OPTIONS SOLD ³	2	0	25	27
OTC OPTIONS BOUGHT ³	2	0	23	25

1 All OTC transactions involving exposure to more than one currency.

2 Contract which binds two counterparties to exchange streams of interest payments in different currencies. A swap is considered a single transaction because both legs of the transaction are not registered separately.

3 Option contract is giving the right to buy or sell a currency with another currency at a specified exchange rate. Includes currency warrants and multicurrency swaptions.

The abbreviations are defined as follows: USD = U.S. dollar, EUR = Euro and CAD = Canadian dollar.

Transactions where at least one counterparty is a resident of Mexico account for approximately 23% of the global peso turnover; in 2010 they represented 33%. This result has been consistent with the trend in the peso's local turnover share showed in other FX surveys.

Finally, according to local trading in peso-denominated fixed-income derivative instruments, interest rate swaps continued to account for most of the daily turnover with 2,250 billion dollars, an increase of 74% compared with the previous survey. Interest rate forwards increased slightly from 8 million dollars per day in 2010 to 20 million in 2013 (Tables 7 and 8).

Table 7: Forward Rate Agreements and Swaps. Single currency

SINGLE-CURRENCY INTEREST RATE DERIVATIVES ¹
Average daily turnover (April 2013)
(million USD)

Instruments	MXN	USD	Others	TOT
FORWARD RATE AGREEMENTS ²	9	11	0	20
INTEREST RATE SWAPS ³ (SINGLE CURRENCY)	2,156	91	0	2,247

1 All OTC transactions where all legs are exposed to one and only one currency's interest rate, including all fixed/floating and floating/floating single-currency interest rate contracts.

2 Transaction in which the interest rate payable or receivable corresponding to a period of time beginning in the future, is set at the start of the agreement.

3 Contract which binds counterparties to exchange payment streams referenced to a single currency, which may be fixed/floating or floating/floating. A swap is considered a single transaction because both legs of the transaction are not registered separately.

The abbreviations are defined as follows: MXN = Mexican peso and USD = U.S. dollar.

Table 8: OTC Interest Rate Options . Single currency

SINGLE-CURRENCY INTEREST RATE DERIVATIVES ¹
Average daily turnover (April 2013)
(million USD)

Instruments	MXN	USD	Others	TOT
OTC OPTIONS SOLD ²	80	29	0	109
OTC OPTIONS BOUGHT ²	10	0	2	12

1 All OTC transactions where all legs are exposed to one and only one currency's interest rate, including all fixed/floating and floating/floating single-currency interest rate contracts.

2 Contract giving the right to pay or receive a specified rate of interest on a given amount over a set period of time.

The abbreviations are defined as follows: MXN = Mexican peso and USD = U.S. dollar.