

Bank survey of foreign exchange trading and derivatives turnover in Germany

In April 2007, a survey of foreign exchange trading and derivatives business was carried out in 54 countries, including all the major industrial countries and financial centres. These surveys have been carried out every three years since 1989 in consultation with the Bank for International Settlements (BIS). In Germany, the data were collected by means of a voluntary survey of 18 large banks which account for more than 80% of German foreign exchange trading and derivatives transactions. The participating countries and the BIS publish the national and global results simultaneously.

1. Foreign exchange trading turnover in Germany

For the month of April 2007, the German banks reported turnover in foreign exchange spot and forward trading (after eliminating doubly recorded transactions between domestic traders) amounting to a total of US\$1,876 billion. Trading in currency swaps and foreign exchange options is not included in this amount. Given 19 trading days in April 2007, this worked out as an average daily turnover of US\$99 billion, of which US\$25 billion was accounted for by spot transactions and US\$74 billion by forward contracts (outright forwards and foreign exchange swaps).

The daily trading volume was thus 16% lower than in April 2004. The decline in foreign exchange spot transactions, at 31%, was more pronounced than in the case of forward contracts, which decreased by 10%. The development in Germany therefore runs counter to the global trend reported by the BIS, which showed an exceptionally sharp rise in foreign exchange trading. The reason for the anomalous German result is, however, not a general decrease in

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trading activity but rather the relocation of trading activities to other financial centres, namely London.

With a share of 83%, the vast bulk of transactions related to turnover with non-residents. Of the traded currency pairs, the combination euro/US dollar accounted for nearly half (43%) of all turnover. In a further 19% of transactions the euro was exchanged against other currencies. The total share of the euro was thus 62% and has increased further compared with the corresponding figure from April 2004 (56%). In 35% of transactions, the US dollar was exchanged against other currencies.

2. OTC derivatives trading in Germany

At the time of the previous survey in 2004, over-the-counter business transactions (OTC transactions) fell significantly in Germany owing to relocations to other trading centres. By contrast, in line with the global trend, the development from April 2004 to April 2007 was rather dynamic, especially in the case of interest-rate-related instruments. With transactions totalling over US\$1,715 billion (nominal value), turnover in April 2007 was twice as high as in April 2004. The working-day average turnover stood at US\$90 billion per day compared with US\$43 billion in April 2004. However, in the case of currency-related OTC derivatives (foreign exchange options and currency swaps), which account for less than 1 per cent of OTC derivatives trading, the turnover level of 2004 was almost matched.

3. Global results

Simultaneously with the national central banks, the BIS is today publishing the aggregated global results of the survey from all the participating countries

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Press release



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(see www.bis.org/triennial.htm). In these results, double counting of cross-border transactions is eliminated in order to allow an accurate appraisal of the total volume of international foreign exchange trading and derivatives business.

Annex

Foreign exchange and derivatives turnover of banks in Germany in April 1998, April 2001, April 2004 and April 2007

Adjusted results (= excluding double counting of transactions between domestic reporting institutions)

USD billion (nominal values) *

Type of transaction	Composition by counterparty												Total turnover				Turnover on a daily average **			
	Reporting banks				Other banks / financial institutions				Customers											
	1998	2001	2004	2007	1998	2001	2004	2007	1998	2001	2004	2007	1998	2001	2004	2007	1998	2001	2004	2007
Forex trading turnover																				
Spot transactions	708	374	499	343	73	85	159	88	58	40	60	35	840	499	718	466	42	26	36	25
Forward transactions	839	947	1265	1029	133	148	268	268	74	88	100	113	1046	1182	1633	1410	52	62	82	74
Forex trading turnover, total	1548	1321	1764	1372	206	233	427	356	132	128	160	148	1886	1681	2351	1876	94	88	118	99
<i>of which: turnover with foreign counterparties</i>	1313	1147	1661	1228	174	167	384	264	53	53	89	72	1540	1367	2134	1564	77	72	107	82
EUR or DEM (before 2001) against USD	816	671	705	577	109	124	169	161	63	64	76	79	988	860	950	817	49	45	48	43
EUR or DEM (before 2001) against other currencies	181	145	248	245	31	39	74	57	43	27	38	49	255	211	360	351	13	11	18	19
USD against other currencies	540	484	739	518	63	66	169	134	24	30	37	16	628	581	945	668	31	31	47	35
Remaining currencies	11	21	72	32	3	4	15	4	2	7	9	4	15	29	96	40	1	1	5	2
Turnover in derivatives (OTC)																				
Interest-related derivatives	449	1296	558	1260	96	425	281	431	35	65	16	24	581	1786	855	1715	29	94	43	90
Interest rate swaps	312	998	416	999	66	363	189	189	27	46	12	16	405	1407	617	1204	20	74	31	63
Interest rate options	44	39	24	26	15	7	17	8	5	7	3	4	65	53	44	38	3	3	2	2
Forward rate agreements	93	259	118	235	15	55	75	234	3	12	1	4	111	326	194	473	6	17	10	25
Currency-related derivatives	83	38	36	26	8	13	15	16	15	5	7	9	106	57	58	51	5	3	3	3
Currency swaps	7	2	1	3	4	1	1	1	1	1	1	0	12	4	3	4	1	0	0	0
Currency options	76	36	35	23	4	12	14	15	14	4	6	9	94	53	55	47	4	3	3	2
Total derivatives	532	1334	594	1286	104	438	296	447	50	70	23	33	687	1843	913	1766	34	97	46	93
of which: turnover with foreign counterparties	386	1081	510	1047	59	364	177	329	23	60	6	6	468	1505	693	1382	23	79	35	73

* The euro exchange rate against the US dollar was equivalent to US\$ 1.0778 in April 1998, US\$ 0.8920 in April 2001, US\$ 1.1985 in April 2004 and US\$ 1.3516 in April 2007.

** 1998 20 business days, 2001 19 business days, 2004 20 business days, 2007 19 business days.