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For Immediate Release

EMTA SURVEY:
EMERGING MARKETS DEBT TRADING
FALLS TO US$4.173 TRILLION IN 2008

Local Instruments at 68% of Turnover;
Volume at Five-Year Lows

NEW YORK, February 25, 2009—Global trading of Emerging Markets fixed income instruments dropped to a five-year low in 2008, according to EMTA's Annual Debt Trading Volume Survey. The report showed that trading volume stood at US$4.173 trillion, down 36% from the US$6.489 trillion reported by participants in 2007. This represents the lowest annual volume since 2003, when EMTA's Survey respondents reported US$3.973 trillion in volume.

EMTA also released fourth quarter 2008 volumes that confirmed a downwards trend in volume which began in the third quarter of 2007. Fourth quarter trading stood at US$823 billion, compared with US$1.366 trillion in the fourth quarter of 2007 (a 40% decline) and US$946 billion in the third quarter of 2008 (down 13%). EMTA noted that fourth quarter volume represented less than half of the volume reported in the second quarter of 2007, when Survey participants reported the highest level of debt trading (US$1.754 trillion) since EMTA began its quarterly survey in 1997.

Joyce Chang, Global Head of Emerging Markets Research, Foreign Exchange and Commodities at JPMorgan observed that "In the new world of the US government owning stakes in US high-grade corporates and financials, we believe that US government intervention will continue to 'crowd out' investment into Emerging Markets, particularly for EM corporates." Chang added that EM debt has also suffered as investors seek more conservative assets--"outflows have resumed from retail investors who have increased allocations into money market funds; since August 2008, retail outflows have been steady and crossover interest has faded as US high-grade remains cheap on a fundamental basis," she stated.

The Survey includes data from 50 firms active in the Emerging Markets debt trading and investment industry, including leading investment and commercial banks, asset management firms and hedge funds.

Local Market Instrument Trades Down Sharply, but Still Represent 68% of Volume

Turnover in local markets instruments stood at US$2.837 trillion in 2008 according to Survey participants. This represents a 34% decline vs. 2007 volume of US$4.264 trillion. Local markets turnover accounted for 68% of total Survey turnover, compared with 66% and 57% shares in the two prior years. EMTA noted that local market's share of overall volume remained consistent at 68% throughout each quarter of 2008 despite fluctuations in overall EM debt volumes.

Brazilian instruments were the most frequently traded local markets debt, at US$591 billion. Other frequently traded local instruments were those from South Africa (US$315 billion), Turkey (US$283 billion), Hong Kong (US$227 billion) and Argentina (US$165 billion). Notably, global trading in Mexican local instruments plunged to only US$92 billion in 2008 from over US$1.2 trillion in 2007.

Eurobond Volumes at US$1.281 Trillion

Eurobond trading stood at US$1.281 trillion in 2008, down 40% from the US$2.110 trillion reported in 2007 (and US$2.675 trillion in 2006).

Two-thirds of Eurobond activity involved sovereign debt issues (US$856 billion in turnover in 2008, compared with US$1.379 trillion in volume in 2007). Sovereign Eurobond activity accounted for 21% of overall trading.

Corporate bond trading stood at US$390 billion in 2008, compared with US$677 billion in 2007. Turnover in corporate debt accounted for 9% of Survey volume.

Chang commented that "sovereign financing needs are very manageable this year at US$32 billion, while sovereigns and quasi-sovereigns have already raised almost US$13 billion so far this year." However she cautioned that "the rollover of corporate debt positions is the much greater challenge, with refinancing needs in public markets at around US$211 billion in 2009." She noted JPMorgan recently raised its default forecast on EM high-yield corporates to 5.9% of outstanding stock, compared to an actual default rate of less than 1% in 2008.

The most frequently traded EM Eurobonds in 2008 included issues from Brazil (US$244 billion), Russia (US$164 billion), Argentina (US$114 billion), Mexico (US$113 billion) and Venezuela (US$92 billion).

In addition to local markets bonds, sovereign and corporate Eurobonds, the Survey also includes turnover in options, loans and Brady bonds. Survey participants reported US$36 billion in option trades (1% of volume), US$17 billion in loan assignments (less than

1% of volume) and US$2 billion in Brady bond transactions (also less than 1% of Survey turnover).

Brazil, Turkey and South Africa Most Frequently Traded Countries

Brazilian instruments were the most frequently traded instruments according to the EMTA Survey, with US$847 billion in turnover. This compares with US$1.135 trillion in 2007 (a 25% decline). Brazil's 2040 bond remained the most frequently traded industry instrument, accounting for US$80 billion of Survey turnover, although volume was down 63% from 2007 volume of US$215 billion. Brazilian volumes accounted for 20% of total Survey trading (vs. 18% in 2007).

Turkish assets moved up to the second most frequently traded instruments, at US$371 billion, compared to being in the fifth position in 2007 at US$486 billion.. The majority of Turkish trading included local market transactions. Turkish volume accounted for over 9% of Survey volume (compared with 8% the previous year).

South African volumes were the Survey's third highest, at US$337 billion (compared with US$492 billion in 2007). South African trading represented 8% of overall trading.

Other frequently traded instruments were securities from Argentina (US$305 billion), and Russia (US$246 billion).

Reported trading volumes in Mexican instruments fell to US$205 billion (or about 5% of overall volumes). For 2007, their trading volume stood at over US$1.413 trillion (or almost 22% of overall volumes).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries. For a copy of EMTA's Fourth Quarter or 2008 Annual Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (212) 313-1005.

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NOTE TO EDITORS:

Founded in 1990, EMTA (formerly the Emerging Markets Traders Association) is a not-for-profit corporation dedicated to promoting the orderly development of fair, efficient and transparent trading markets for Emerging Markets instruments, and the integration of the Emerging Markets into the global financial marketplace. EMTA, with over 150 member firms worldwide, has published its Annual Volume Surveys since 1992 and Quarterly Surveys since the first quarter of 1997.

Participants in the EMTA Survey are asked to report trades based on aggregate principal amount (face value) rather than the consideration paid.