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For Immediate Release

EMTA SURVEY:
THIRD QUARTER EMERGING MARKETS DEBT TRADING AT US$1.205 TRILLION

Volumes Down 7% on Year-on-Year Basis

NEW YORK, December 19, 2018 — Emerging Markets debt trading volumes stood at US$1.205 trillion in the third quarter of 2018, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading and investment industry. This compares with US$1.299 trillion reported for the third quarter of 2017, a 7% decrease, while also down 9% from US$1.327 trillion reported in the second quarter of 2018.

"The aggregate volume drop is far from dramatic, and is consistent with the performance of assets and some outflows during the quarter," according to Alejandro Cuadrado, Managing Director and LatAm Strategist at BBVA, who noted that, "the most recent EM sell-offs have tended to be moderate compared to previous corrections, as real money investors generally do not head for the exit in times of stress."

Local Markets Instruments at 66% of Volume

Turnover in local markets instruments stood at US$791 billion in the third quarter of 2018, accounting for 66% of total reported volume. This compares to US$736 billion in the third quarter of 2017, a 7% increase, and to US$821 billion in the second quarter of 2018, a 4% decrease.

Mexican instruments were the most frequently traded local markets debt in the third quarter of 2018, at US$185 billion. Other frequently-traded local instruments were those from Brazil (US$123 billion), India (US$94 billion), South Africa (US$85 billion), and China (US$49 billion).

Eurobond Volumes at US$409 Billion

Eurobond trading stood at US$409 billion in the third quarter of 2018, a 26% decrease on the US$553 billion reported in the third quarter of 2017, while an 18% decrease on the US$497 billion reported in the second quarter of 2018.

61% of Eurobond activity involved sovereign debt issues in the third quarter, with Survey participants reporting US$230 billion in sovereign Eurobond turnover. This compares with the same share of Eurobond activity in the previous quarter, when such volumes stood at US$302 billion.

Corporate Eurobond trading stood at US$172 billion in the third quarter of 2018, accounting for 38% of total Eurobond activity (vs. a comparable share in the prior quarter). Sovereign Eurobond activity accounted for 19% of overall Survey volumes, with corporate trading at 14% of total turnover.

The five most frequently traded Eurobonds in the third quarter were all Argentine issues, according to Survey participants. Argentina's bond due in 2026 was the most frequently traded instrument (with US$5 billion in turnover), followed by Argentine bonds due in 2048, 2028, 2021, and the country's US-dollar Par bond.

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options and loans. Survey participants reported US$4 billion in warrant and option trades and minimal (US$208 million) loan assignments.

Mexican, Brazilian and Indian Instruments Most Frequently Traded Overall

Mexican instruments were the most frequently traded instruments overall, according to Survey participants, with US$223 billion in turnover. This compared to US$126 billion reported in the third quarter of 2017 (up 77%), and down 12% vs. US$254 billion reported in the second quarter. Mexican volumes represented 19% of overall volumes. "In Mexico, the presidential election and its aftermath stirred markets and positions, and may continue to do so in coming months in what may be the most scrutinized market of 2019," stated Cuadrado.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US$163 billion, according to Survey participants. This represents a 14% increase on third quarter 2017 volume of US$143 billion and unchanged from second quarter trading. Brazilian volumes accounted for 14% of total reported volumes. "Brazil's underinvestment following years of outflows has led to some upside, and we'd expect volumes to continue to pick up into 2019 with more policy delivery," commented Cuadrado.

Third were Indian assets, whose volume stood at US$99 billion. This compares to US$138 billion in the third quarter of 2017 (down 28%) and US$92 billion in the second quarter (up 8%). Indian instrument trading accounted for 8% of Survey volume.

Other frequently traded instruments were securities from South Africa (US$98 billion) and China (US$89 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 44 leading investment and commercial banks, asset management firms and hedge funds.

For a copy of EMTA's Third Quarter 2018 Emerging Markets Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org.

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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 180 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, and no effort is made to adjust for duplicate volumes that may be reported by each side of a trade. In these respects, the Survey's methodology has been the same since its inception.