

Comunicato Stampa

DIFFUSO A CURA DEL SERVIZIO SEGRETERIA PARTICOLARE DEL DIRETTORIO E COMUNICAZIONE

Rome, 17 September 2019

In April 2019 the Bank of Italy conducted its regular triennial survey of the volume of transactions carried out by the major resident banks in the foreign exchange and in the currency and interest rate OTC derivatives markets. The survey was performed by 53 central banks and monetary authorities and was coordinated by the Bank for International Settlements (BIS). The Bank of Italy today releases the national results, at the same time as the other participating institutions publish their own in their respective countries. The BIS will simultaneously release its own preliminary global findings after adjusting for cross-border double-counting (<https://www.bis.org/publ/rpfx19.htm>).

The Italian survey was conducted on a sample of 16 banks (of which 14 were Italian banks and 2 were branches of foreign banks). According to the information contained in the supervisory reports transmitted to the Bank of Italy, these banks account for about 96 per cent of the value of the transactions made in the foreign exchange and derivatives markets, a share similar to that reported in 2016. The survey looks at the value, in terms of nominal and notional amounts, of the new contracts signed in April.

Applying the data obtained from the sample survey to the entire banking system, the total volume of foreign exchange and currency derivatives transactions carried out in April 2019 amounted to \$390 billion (Table 1), of which \$361 billion were foreign exchange transactions. Transactions in interest rate derivatives were equal to \$242 billion in volume terms.

According to the data reported by the respondent banks, swaps are the most widespread instrument among those included in the survey, accounting for a share of 78 per cent in the currency market (Table 2) and 86 per cent in the interest rate market (Table 3). Trading in overnight indexed swaps (OIS) accounted for about 40 per cent of the turnover in interest rate swaps. Options and forward contracts account for a limited share in volume terms for both markets.

The share of dollar-denominated contracts in the foreign exchange market was higher than that of euro-denominated contracts (81 per cent versus 77 per cent; Table 2). Euro/dollar transactions accounted for 76 per cent of total transactions against the euro. In the interest rate derivatives market, euro-denominated contracts accounted for 87 per cent of all contracts, and dollar-denominated contracts for 12 per cent, while the contribution of other currencies was very modest (Table 3).

In the foreign exchange market and in the interest rate derivatives market, transactions with non-resident banks continue to account for the highest share (61 per cent; Table 4).

Table 1

Turnover of foreign exchange and derivatives contracts in Italy
 (millions of US dollars and per cent)

	Sample			Banking system		
	Total	Share	Daily	Total	Share	Daily
April 2019						
Foreign exchange market	346,605	57.2	17,330	361,047	57.2	18,052
Spot market	43,742	7.2	2,187	45,564	7.2	2,278
Forward market	302,863	49.9	15,143	315,483	49.9	15,774
Currency derivatives	27,696	4.6	1,385	28,850	4.6	1,442
Foreign exchange and currency derivatives markets	374,301	61.7	18,715	389,896	61.7	19,495
Interest rate derivatives	232,072	38.3	11,604	241,741	38.3	12,087
Total	606,372	100.0	30,319	631,638	100.0	31,582
April 2016						
Foreign exchange market	335,431	52.6	16,772	345,806	52.6	17,290
Spot market	48,002	7.5	2,400	49,487	7.5	2,474
Forward market	287,429	45.1	14,371	296,319	45.1	14,816
Currency derivatives	20,396	3.2	1,020	21,026	3.2	1,051
Foreign exchange and currency derivatives markets	355,827	55.8	17,791	366,832	55.8	18,342
Interest rate derivatives	281,882	44.2	14,094	290,600	44.2	14,530
Total	637,709	100.0	31,885	657,432	100.0	32,872

Source: Bank of Italy, Surveys on Exchange and OTC Derivatives. – The data are adjusted for double-counting; the derivatives refer to the OTC currency and interest rate derivatives markets only. The daily average for the reference month is calculated by dividing the total amount by the number of working days in the month (20). The data referring to the whole banking system are estimated on the basis of the data reported in the survey.

Table 2
Turnover of foreign exchange contracts in Italy by instrument

(millions of US dollars and per cent)

	Euro/ dollar	Euro/ other currencies	Dollar/ other currencies	Other currencies/ other currencies	Grand total	of which		Euro/ dollar	Euro/ other currencies	Dollar/ other currencies	Other currencies/ other currencies	Grand total	of which	
						Total euro	Total dollar						Total euro	Total dollar
	millions of US dollars								percentage share					
April 2019														
Total	220,129	69,752	82,280	2,139	374,301	289,881	302,409	58.8	18.64	21.98	0.57	100.0	77.4	80.8
Spot	24,571	7,156	10,919	1,096	43,742	31,727	35,489	56.2	16.4	25.0	2.5	100.0	72.5	81.1
Outright forwards	6,362	2,577	1,795	42	10,776	8,939	8,158	59.0	23.9	16.7	0.4	100.0	83.0	75.7
Foreign exch. swaps	184,714	38,402	68,156	814	292,087	223,117	252,870	63.2	13.1	23.3	0.3	100.0	76.4	86.6
Currency swaps	319	840	4	0	1,164	1,160	323	27.4	72.2	0.3	0.0	100.0	99.7	27.8
Options	4,163	20,776	1,406	188	26,532	24,939	5,569	15.7	78.3	5.3	0.7	100.0	94.0	21.0
Other products	..	..	..	..	..	..	..	..	..	..	..	..	..	..
April 2016														
Total	199,031	90,698	63,159	2,939	355,827	289,729	262,190	55.9	25.5	17.7	0.8	100.0	81.4	73.7
Spot	27,396	15,162	5,190	254	48,002	42,558	32,586	57.1	31.6	10.8	0.5	100.0	88.7	67.9
Outright forwards	10,491	5,320	1,886	52	17,749	15,811	12,377	59.1	30.0	10.6	0.3	100.0	89.1	69.7
Foreign exch. swaps	149,578	65,123	53,138	1,840	269,680	214,702	202,716	55.5	24.1	19.7	0.7	100.0	79.6	75.2
Currency swaps	4,700	2,229	75	83	7,087	6,929	4,775	66.3	31.5	1.1	1.2	100.0	97.8	67.4
Options	6,866	2,863	2,871	8	12,608	9,729	9,737	54.5	22.7	22.8	0.1	100.0	77.2	77.2
Other products	..	..	..	701	701	..	..	..	..	..	100.0	100.0	..	..

Source: Bank of Italy, Surveys on Exchange and OTC Derivatives. – The data refer to the participating banks only and are adjusted for double-counting; the derivatives refer to the OTC currency and interest rate derivatives markets only. Euro/dollar contracts are included in both the ‘Total euro’ and ‘Total dollar’ columns.

Table 3
Turnover of interest rate derivatives contracts in Italy by instrument

(millions of US dollars and per cent)

	Euro	Dollar	Other currencies	Grand total	Euro	Dollar	Other currencies	Grand total
	millions of US dollars				percentage share			
	April 2019							
Total	201,481	27,486	3,105	232,072	86.82	11.8	1.34	100.0
Forward rate agreements	17,692	7,161	..	24,853	71.2	28.8	..	100.0
Overnight indexed swaps	71,484	7,659	60	79,203	90.3	9.7	0.1	100.0
Other interest rate swaps	108,514	9,279	2,594	120,386	90.1	7.7	2.2	100.0
Options	3,790	3,388	451	7,629	49.7	44.4	5.9	100.0
	April 2016							
Total	262,636	12,594	6,652	281,882	93.2	4.5	2.4	100.0
Forward rate agreements	52,250	1,405	..	53,655	97.4	2.6	..	100.0
Interest rate swaps	207,065	10,868	6,509	224,443	92.3	4.8	2.9	100.0
Options	3,321	321	143	3,784	87.8	8.5	3.8	100.0

Source: Bank of Italy, Surveys on Exchange and OTC Derivatives. – The data refer only to the participating banks and are adjusted for double-counting; the derivatives refer to the OTC currency and interest rate derivatives markets only.

Table 4
Turnover of foreign exchange and derivatives contracts in Italy by counterparty

(millions of US dollars and per cent)

	Foreign exchange	Interest rate	Total	Foreign exchange	Interest rate	Total
	millions of US dollars			percentage share		
	April 2019					
Total	374,301	232,072	606,372	61.7	38.3	100
Local banks (1)	67,240	5,607	72,847	11.1	0.9	12.0
Cross-border banks (2)	266,016	105,995	372,011	43.9	17.5	61.4
Other financial institutions (3)	21,453	118,045	139,498	3.5	19.5	23.0
Other (4)	19,592	2,424	22,016	3.2	0.4	3.6
	April 2016					
Total	355,827	281,882	637,709	55.8	44.2	100.0
Local banks (1)	15,267	58,473	73,740	2.4	9.2	11.6
Cross-border banks (2)	282,042	106,938	388,980	44.2	16.8	61.0
Other financial institutions (3)	22,094	107,313	129,407	3.5	16.8	20.3
Other (4)	36,423	9,158	45,581	5.7	1.4	7.1

Source: Bank of Italy, Survey on Exchange and OTC Derivatives. – The data only refer to the participating banks and are adjusted for double-counting; the derivatives refer to the OTC currency and interest rate derivatives markets only. (1) Banks resident in Italy participating in the BIS survey. (2) Banks not resident in Italy taking part in the BIS survey. (3) Resident and non-resident financial institutions participating in the BIS survey. (4) Non-financial resident and non-resident counterparties.