

## 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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(see [www.bis.org/triennial.htm](http://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 |
| <b>Forex trading turnover</b>                         |                             |      |      |      |                                      |      |      |      |           |      |      |      |                |      |      |      |                                |      |      |      |
| 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    |
| <b>Turnover in derivatives (OTC)</b>                  |                             |      |      |      |                                      |      |      |      |           |      |      |      |                |      |      |      |                                |      |      |      |
| 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.