

The foreign exchange and derivatives markets in Hong Kong

by the Banking Supervision Department

The results of the latest triennial global survey of turnover in the markets for foreign exchange (FX) and over-the-counter (OTC) interest rate derivatives, conducted in April 2013, show that Hong Kong ranked as the fifth largest centre for FX activity and as the sixth when OTC interest rate derivatives were also included. The average daily turnover of FX transactions in Hong Kong increased by 15.6% to US\$274.6 billion, and that of OTC interest rate derivatives increased by 51.1% to US\$27.9 billion.

Introduction

In April 2013, the HKMA conducted the regular triennial survey of turnover in the Hong Kong FX and OTC interest rate derivatives markets as part of the global survey co-ordinated by the Bank for International Settlements (BIS). This global survey, with 53 central banks and monetary authorities (including the HKMA) participating, aims to collect comprehensive and internationally consistent information on the sizes and structures of the FX and OTC interest rate derivatives markets.

The survey collected turnover data in FX activity (spot, outright forwards, FX swaps, currency swaps and currency options), and OTC interest rate derivatives (forward rate agreements, interest rate swaps and interest rate options) markets.

This article presents the main results of the Hong Kong survey, which covers 60 institutions (referred to as “reporting dealers” in the survey) operating in Hong Kong, comprising 58 authorized institutions (AIs) and two major securities houses. The article also compares the Hong Kong results with the global results.

Overview of the global results

The 2013 global results published by the BIS show that activity in the FX and OTC interest rate derivatives markets continued to expand rapidly (Table 1). For the FX markets, average daily turnover¹ rose by about 35% to US\$5.3 trillion in April 2013, compared with an increase of 19% to US\$4.0 trillion from April 2007 to April 2010. The increase in 2013 was seen across all FX instruments. FX swaps (US\$2.2 trillion per day) remained the most actively traded FX instruments, followed by spot transactions (US\$2.0 trillion per day). Turnover of OTC interest rate derivatives reached US\$2.3 trillion per day in April 2013, 14% higher than in April 2010. The most actively traded interest rate instruments was interest rate swaps (US\$1.4 trillion per day), followed by forward rate agreements (US\$0.8 trillion per day).

As with the last survey results in 2010, US dollar remained the dominant currency in the global FX markets, followed by euro, then by Japanese yen and British pound. For currency pairs, US dollar/euro continued to be the most traded, accounting for 24% of global FX turnover, followed by US dollar/yen (18%).

¹ Average daily turnover has been adjusted to exclude double counting of figures reported by local and cross-border inter-dealer.

TABLE 1

Average daily turnover of the global FX and OTC interest rate derivatives markets (by geographical distribution)

US\$ billion

Economy	Foreign exchange market		Interest rate derivatives		Total	
	April 2013	April 2010	April 2013	April 2010	April 2013	April 2010
United Kingdom	2,726	1,854	1,348	1,235	4,074	3,088
United States	1,263	904	628	642	1,891	1,546
Singapore	383	266	37	35	420	301
Japan	374	312	67	90	441	402
Hong Kong SAR	275	238	28	18	303	256
Switzerland	216	249	33	75	249	324
France	190	152	202	193	392	345
Australia	182	192	66	41	248	233
Netherlands	112	18	29	61	141	80
Germany	111	109	101	48	212	157
Denmark	103	120	59	16	162	137
Canada	65	62	34	42	99	104
Russia	61	42	0.2	–	61	42
Luxembourg	51	33	0.4	2	52	36
Korea	48	44	8	11	55	55
China	44	20	13	2	57	21
Sweden	44	45	17	18	61	63
Spain	43	29	14	31	57	60
Mexico	32	17	2	1	35	18
India	31	27	3	3	35	31
Others	318	310	68	84	387	394
Total turnover^{1 & 3}	6,671	5,043	2,759	2,649	9,430	7,692
Estimated global turnover²	5,345	3,971	2,343	2,054	7,688	6,025

Notes:

1. Data adjusted to exclude double counting of figures reported by local inter-dealer.
2. Data adjusted to exclude double counting of figures reported by local and cross-border inter-dealer.
3. Figures may not add up to total due to rounding.

Source: The Bank for International Settlements

Euro remained the leading currency in the global OTC interest rate derivatives market, accounting for 49% of the global turnover. US dollar ranked second with a share of 28%.

By geographical distribution of market turnover, Hong Kong advanced one place and ranked fifth in the FX markets. Taking the global turnover for FX and OTC interest rate derivatives markets together, Hong Kong also moved up one place to the sixth largest centre in the world.

The global results and their detailed analysis are available at the BIS website (<http://www.bis.org>).

Hong Kong results

Overview

The survey results show that the average daily turnover² of the Hong Kong FX transactions in April 2013 was 15.6% higher than three years earlier. The growth was attributed to the increase in FX swaps (+18.4%), followed by spot (+16.9%) and outright forwards (+16.5%).

Average daily turnover of OTC interest rate derivatives rose by 51.1%. The growth in turnover of OTC interest rate derivatives was mainly contributed by the increase

² Average daily turnover has been adjusted to exclude double counting of figures reported by local inter-dealer.

in interest rate swaps which increased by 49.7% in April 2013 compared with April 2010.

FX transactions involving US dollar against renminbi and Japanese yen significantly increased in the 2013 survey. Taking into account feedback from market participants, the increase was likely due to the following reasons:

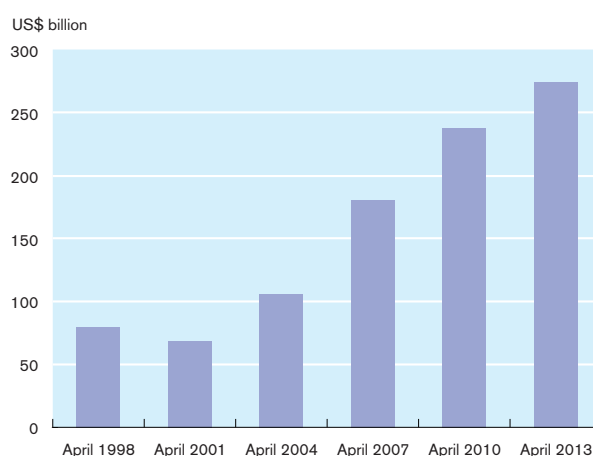
- The high increase in demand for renminbi driven by growing trade and investment activities between Mainland China and the rest of the world. Hong Kong benefits by virtue of being a pioneer offshore renminbi centre.
- The continued opening up of Mainland China's bond and equity markets to foreign investors, under the renminbi Qualified Foreign Institutional Investor (RQFII) scheme, also helps to boost the demand for renminbi.
- The increased trading volume of Japanese yen against other currencies, which was probably due to the impact of quantitative easing policy introduced by the Bank of Japan in early April 2013.

FX transactions

Total turnover

The FX average daily turnover in Hong Kong continued to grow, rising by 15.6% to US\$274.6 billion in April 2013 from US\$237.6 billion in April 2010 (Chart 1).

CHART 1
Average daily turnover of the Hong Kong FX market



Note: Average daily turnover has been adjusted to exclude double counting of figures reported by local inter-dealer.

Instruments

Total FX turnover rose across major instruments, particularly in FX swaps (Table 2). From April 2010 to April 2013, average daily turnover of FX swaps increased by 18.4% to US\$174.1 billion, followed by the increase in spot transactions by 16.9% to US\$51.2 billion and outright forwards transactions by 16.5% to US\$37.3 billion. FX swaps and spot transactions remained the major components among all FX instruments and their share of transactions slightly increased to 63% (62% in 2010) and 19% (18% in 2010) respectively of the total average daily FX turnover.

TABLE 2

Average daily turnover of the Hong Kong FX market (by instrument)

US\$ billion

	Turnover in Hong Kong			Global turnover	
	April 2013	April 2010	Change (%)	April 2013	April 2010
Spot	51.2	43.8	16.9	2,459	1,829
Outright forwards	37.3	32.0	16.5	816	558
Foreign exchange swaps	174.1	147.0	18.4	2,931	2,352
Currency swaps	2.5	7.0	-64.1	68	57
OTC options and other OTC products	9.5	7.7	23.3	397	246
Total foreign exchange transactions	274.6	237.6	15.6	6,671	5,043

Notes:

1. Average daily turnover has been adjusted to exclude double counting of figures reported by local inter-dealer.
2. Figures may not add up to total due to rounding.
3. Other OTC products have not been adjusted to exclude double counting of figures reported by local inter-dealer.

Maturity of forwards and swaps

The 2013 survey results show that more outright forwards were traded with a longer maturity while the maturity pattern of FX swaps was fairly the same as the 2010 survey results (Table 3). Around 65% of total outright forwards transactions fell in the maturity band of over 7 days and up to one year, and 9% was over one year. By contrast, most of the FX swaps were short-term in maturity (around 75% was up to 7 days).

Currency composition

Table 4 sets out a detailed analysis of FX contract transactions in Hong Kong by currency pair. The US dollar continued to be the most widely traded currency in the Hong Kong FX market, being used on one side of 96.1%³ of all transactions in April 2013.

In terms of currency pair, US dollar against renminbi FX turnover grew by 3.6 times to US\$48.6 billion, representing 17.7% of total average daily FX turnover in April 2013 (4.5% in April 2010). It surpassed Hong Kong dollar against US dollar as the most popular traded currency pair. This reflects the significantly increased use of renminbi in trade and investment activities, and the sound development of Hong Kong as an offshore renminbi business centre.

Hong Kong dollar against US dollar fell to second place with a share of 17.2% in April 2013, down from 29.4% in April 2010. The reduction in the share was due to a drop in Hong Kong dollar against US dollar FX transactions by 32.2% to US\$47.3 billion from US\$69.8 billion. During April 2013, both the exchange rate between Hong Kong dollar and US dollar, and the spread between the interest rates of the two currencies remained very stable, and there were abundant liquidities in both currencies. Moreover, the stock trading and initial public offering (IPO) activities were generally less active in April 2013 compared with April 2010. These factors should contribute to the lower volume of FX and hedging activities involving Hong Kong dollar in April 2013.

US dollar against Japanese yen ranked third with its share rising to 16.6% in April 2013 from 11.4% in April 2010. The impact of quantitative easing policy introduced by the Bank of Japan in early April 2013 probably led to the increased trading volumes of Japanese yen against other currencies. Sharp increases were also observed in other currency pairs such as the US dollar against British pound, Canadian dollar and Swiss franc.

TABLE 3

Average daily turnover of Hong Kong outright forwards and FX swaps (by maturity)

US\$ billion

	Average daily turnover			Share (%)	
	April 2013	April 2010	Change (%)	April 2013	April 2010
Outright forwards	37.3	32.0	16.5	100	100
Up to 7 days	9.5	10.4	-8.8	25.5	32.5
Over 7 days and up to 1 year	24.4	19.9	22.6	65.3	62.0
Over 1 year	3.4	1.7	97.7	9.2	5.4
Foreign exchange swaps	174.1	147.0	18.4	100	100
Up to 7 days	131.4	114.1	15.2	75.5	77.6
Over 7 days and up to 1 year	38.1	30.8	23.7	21.9	21.0
Over 1 year	4.6	2.2	111.9	2.6	1.5

Notes:

1. Average daily turnover has been adjusted to exclude double counting of figures reported by local inter-dealer.
2. Figures may not add up to total due to rounding.

³ Since two currencies are involved in each transaction, the sum of the percentage shares of individual currencies on one side is 200% instead of 100%.

TABLE 4

Average daily turnover of the Hong Kong FX market (by currency pair)

US\$ billion

	Average daily turnover				
	April 2013	Share (%)	April 2010	Share (%)	Change (%)
Hong Kong dollar against:					
US dollar	47.3	17.2	69.8	29.4	-32.2
Others	2.6	1.0	2.8	1.2	-6.6
of which: Euro	0.8	0.3	1.3	0.5	-37.7
Japanese yen	0.4	0.1	0.2	0.1	67.5
British pound	0.2	0.1	0.3	0.1	-31.9
Australian dollar	0.5	0.2	0.5	0.2	-7.5
Canadian dollar	0.1	0.02	0.1	0.04	-34.0
Chinese renminbi	0.5	0.2	0.1	0.1	256.0
– CNH	0.4	0.1	n.c.	n.a.	n.a.
– CNY	0.1	0.03	0.1	0.1	-32.1
Others	0.2	0.1	0.2	0.1	-18.7
Subtotal	49.9	18.2	72.6	30.6	-31.3
US dollar against:					
Euro	33.0	12.0	33.1	13.9	-0.4
Japanese yen	45.7	16.6	27.1	11.4	68.6
Swiss franc	3.5	1.3	2.4	1.0	44.0
British pound	15.0	5.4	10.0	4.2	49.0
Australian dollar	20.8	7.6	24.6	10.4	-15.4
Canadian dollar	5.7	2.1	3.2	1.4	75.3
Others (excluding Hong Kong dollar)	93.1	33.9	56.7	23.9	64.2
of which: Chinese renminbi	48.6	17.7	10.7	4.5	355.4
– CNH	30.6	11.1	n.c.	n.a.	n.a.
– CNY	18.1	6.6	10.7	4.5	69.1
Indian rupee	3.5	1.3	4.6	1.9	-23.8
Korean won	8.0	2.9	7.4	3.1	7.8
Others	33.0	12.0	34.1	14.3	-3.0
Subtotal	216.7	78.9	157.2	66.2	37.8
Cross currencies (excluding Hong Kong dollar and US dollar):					
Euro/Japanese yen	2.4	0.9	2.0	0.9	18.8
Euro/British pound	0.6	0.2	0.9	0.4	-32.8
Others	5.0	1.8	4.8	2.0	3.8
of which: Euro/Other currencies	1.3	0.5	1.1	0.4	19.5
Japanese yen/Australian dollar	1.4	0.5	0.9	0.4	54.8
Japanese yen/New Zealand dollar	0.1	0.03	0.1	0.04	-18.0
Japanese yen/Other currencies	0.6	0.2	0.6	0.3	-3.5
Others	1.6	0.6	2.1	0.9	-22.6
Subtotal	8.0	2.9	7.7	3.2	3.6
All currency pairs	274.6	100	237.5	100	15.6
Other OTC products	0.0002		0.03		
Total foreign exchange transactions	274.6		237.6		15.6

Notes:

1. Average daily turnover has been adjusted to exclude double counting of figures reported by local inter-dealer.
2. Other OTC products have not been adjusted to exclude double counting of figures reported by local inter-dealer.
3. Figures may not add up to total due to rounding.
4. n.c. denotes not collected.
5. n.a. denotes not applicable.

Counterparties

Table 5 shows the breakdown of FX turnover by counterparty in Hong Kong. Some 72% of FX turnover was among reporting dealers, lower than the proportion (76%) in the last survey. Business with other financial institutions and non-financial customers accounted for 22% and 6% respectively. The significantly high concentration of inter-dealer FX activity in Hong Kong suggests that, in addition to being a centre for FX trading, Hong Kong is also an important funding centre where dealers can manage the currency mismatches of their balance sheets through FX swaps. On a global basis, 51% of the FX turnover was conducted with reporting dealers, 42% was with other financial institutions and only 7% was with non-financial customers.

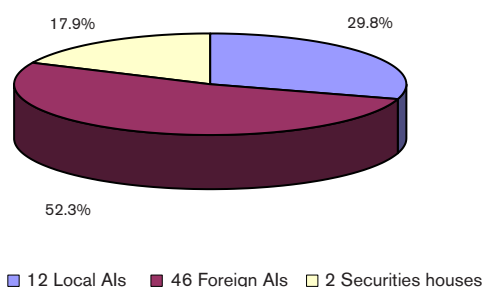
The value of FX turnover conducted in Hong Kong with all types of counterparties grew between April 2010 and April 2013. Reflecting the cross-border nature of FX transactions, 85% of foreign exchange turnover was transacted with cross-border counterparties, slightly lower than the 87% recorded three years ago.

The Hong Kong FX market was more concentrated with the combined market share of the top ten reporting dealers with the largest gross FX turnover increasing to 66.9% in April 2013 from 64.5% in April 2010.

The Hong Kong FX market continued to be dominated by overseas-incorporated AIs although their contribution dropped to 52.3% in April 2013 from 54.8% in April 2010 (Chart 2). During the same period, the share accounted for by local AIs had decreased to 29.8% from 32.9% while that of securities houses increased to 17.9% from 12.3%.

CHART 2

Relative shares of the average daily gross turnover in the Hong Kong FX market in April 2013 (by reporting dealer)



Note:

Average daily gross turnover has not been adjusted to exclude double counting of figures reported by local inter-dealer.

TABLE 5

Average daily turnover of the Hong Kong FX market (by counterparty)

US\$ billion

	Average daily turnover			Share (%)	
	April 2013	April 2010	Change (%)	April 2013	April 2010
With reporting dealer	197.5	179.8	9.8	71.9	75.7
Local	25.3	19.8	28.1	9.2	8.3
Cross Border	172.2	160.0	7.6	62.7	67.4
With other financial institutions	59.8	44.6	34.1	21.8	18.8
Local	7.2	4.4	66.1	2.6	1.8
Cross Border	52.6	40.2	30.6	19.1	16.9
With non-financial customers	17.3	13.1	31.8	6.3	5.5
Local	8.7	6.6	32.0	3.2	2.8
Cross Border	8.6	6.5	31.7	3.1	2.7
Subtotal	274.6	237.5	15.6	100	100
Other OTC products	0.0002	0.03	-99.2		
Total FX transactions	274.6	237.6	15.6		

Notes:

1. Average daily turnover has been adjusted to exclude double counting of figures reported by local inter-dealer.
2. Figures may not add up to total due to rounding.
3. Reporting dealers refer to AIs and major securities houses participating in the 2010 and 2013 surveys.
4. Other financial institutions refer to financial institutions other than reporting dealers.
5. Other OTC products have not been adjusted to exclude double counting of figures reported by local inter-dealer.

OTC interest rate derivatives

Total turnover

Average daily turnover of OTC interest rate derivatives in Hong Kong increased by US\$9.4 billion, or 51.1%, to US\$27.9 billion in April 2013, compared with US\$18.5 billion in April 2010 (Table 6).

Instruments

All OTC interest rate derivatives instruments recorded strong growth in average daily turnover from April 2010 to April 2013. Interest rate swaps rose significantly by 49.7% to US\$23.7 billion and remained the most actively traded product. Forward rate agreements increased by 52.1% while interest rate options and other OTC interest rate products increased by 68.5%.

Currency composition

With regard to OTC interest rate derivatives, contracts denominated in most currencies recorded increases except Hong Kong dollar, Korean won and British pound (Table 7). Turnover of Australian dollar denominated contracts was the highest amongst all currencies, representing 26.4% of total average daily turnover in April 2013. Market activity of Australian dollar increased perhaps in anticipation of possible movements of the Australian dollar interest rates. Comparing April 2013 with April 2010, contracts denominated in Hong Kong dollar fell by 44.6%.

During April 2013, the spread between the interest rates of Hong Kong dollar and US dollar remained very stable, there was abundant liquidity in Hong Kong, and the IPO and stock trading activities were generally less active than in April 2010. These factors likely contributed to the lower volume of hedging activities involving Hong Kong dollar interest rate derivatives.

Counterparties

In the OTC interest rate derivatives market, transactions among reporting dealers made up 68.5% of the turnover in April 2013, down from 75.4% in April 2010 (Table 8). By contrast, the proportion of turnover with other financial institutions rose to 26.8% in April 2013, up from 22.4% in April 2010. Business with non-financial customers also increased, rising to 4.7% from 2.2% in the same period. Cross-border trades comprised around 95% of the OTC interest rate derivatives, higher than the 92% recorded in last survey.

Concentration in the OTC interest rate derivatives market increased in April 2013, with the ten largest reporting dealers accounting for 95.3% of gross turnover, compared with 82.2% three years earlier. The securities houses became the most active party in OTC derivatives market with its share expanding to 47.8% in April 2013 from 33.9% in April 2010 (Chart 3). Meanwhile, share of local incorporated AIs rose to 24.4% from 18.5% and that of overseas-incorporated AIs dropped to 27.8% from 47.6% in the same period.

TABLE 6

Average daily turnover of the Hong Kong OTC interest rate derivatives market (by instrument)

US\$ billion

	Average daily turnover			Share (%)	
	April 2013	April 2010	Change (%)	April 2013	April 2010
Forward rate agreements	2.0	1.3	52.1	7.3	7.3
Interest rate swaps	23.7	15.8	49.7	84.9	85.7
Interest rate options and other OTC products	2.2	1.3	68.5	7.8	7.0
Total OTC interest rate derivatives transactions	27.9	18.5	51.1	100	100

Notes:

1. Average daily turnover has been adjusted to exclude double counting of figures reported by local inter-dealer.
2. Other OTC products have not been adjusted to exclude double counting of figures reported by local inter-dealer.
3. Figures may not add up to total due to rounding.

TABLE 7

Average daily turnover of the Hong Kong OTC interest rate derivatives market (by currency)

US\$ billion

	Average daily turnover				
	April 2013	Share (%)	April 2010	Share (%)	Change (%)
US dollar	3.5	12.5	3.5	18.8	0.5
Euro	0.9	3.3	0.5	2.8	79.7
Japanese yen	2.4	8.6	0.1	0.5	2,328.4
Hong Kong dollar	1.8	6.4	3.2	17.4	-44.6
Others	19.2	69.1	11.2	60.5	72.1
of which: British pound	0.1	0.3	0.4	2.2	-81.1
Australian dollar	7.3	26.4	1.7	9.2	331.5
Chinese renminbi	2.0	7.3	0.8	4.5	145.1
– CNH	0.1	0.2	n.c.	n.a.	n.a.
– CNY	2.0	7.1	0.8	4.5	138.7
Korean won	4.1	14.8	4.7	25.6	-12.9
Indian Rupee	2.0	7.2	n.c.	n.a.	n.a.
Thailand Baht	1.5	5.4	n.c.	n.a.	n.a.
Others	2.1	7.6	3.5	18.9	-39.3
All currencies	27.8	100	18.4	100	50.7
Other OTC products	0.1		0.02		
Total OTC interest rate derivatives transactions	27.9		18.5		51.1

Notes:

1. Average daily turnover has been adjusted to exclude double counting of figures reported by local inter-dealer.
2. Other OTC products have not been adjusted to exclude double counting of figures reported by local inter-dealer.
3. Figures may not add up to total due to rounding.
4. n.c. denotes not collected.
5. n.a. denotes not applicable.

TABLE 8

Average daily turnover of the Hong Kong OTC interest rate derivatives market (by counterparty)

US\$ billion

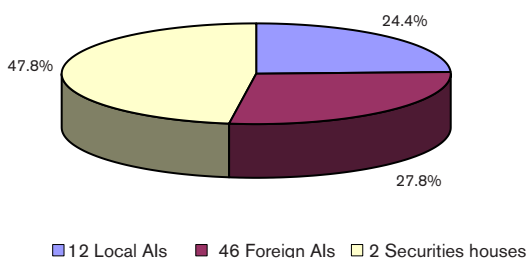
	Average daily turnover			Share (%)	
	April 2013	April 2010	Change (%)	April 2013	April 2010
With reporting dealer	19.0	13.9	36.8	68.5	75.4
Local	0.7	1.2	-43.8	2.5	6.6
Cross Border	18.3	12.7	44.5	66.0	68.8
With other financial institutions	7.5	4.1	80.1	26.8	22.4
Local	0.4	0.2	145.9	1.6	1.0
Cross Border	7.0	4.0	77.2	25.3	21.5
With non-financial customers	1.3	0.4	225.2	4.7	2.2
Local	0.2	0.1	69.4	0.9	0.8
Cross Border	1.1	0.3	311.9	3.8	1.4
Subtotal	27.8	18.4	50.7	100	100
Other OTC products	0.1	0.02	407.7		
Total OTC interest rate derivatives transactions	27.9	18.5	51.1		

Notes:

1. Average daily turnover has been adjusted to exclude double counting of figures reported by local inter-dealer.
2. Figures may not add up to total due to rounding.
3. Reporting dealers refer to AIs and major securities houses participating in the 2010 and 2013 surveys.
4. Other financial institutions are financial institutions other than reporting dealers.
5. Other OTC products have not been adjusted to exclude double counting of figures reported by local inter-dealer.

CHART 3

Relative shares of the average daily gross turnover of the Hong Kong OTC interest rate derivatives market in April 2013 (by reporting dealer)



Note:

Average daily gross turnover has not been adjusted to exclude double counting of figures reported by local inter-dealer.

Renminbi transactions

With the continued increase in cross-border trades and opening up of the Mainland China financial market, the 2013 survey results show that there was a huge demand for renminbi as compared with April 2010 (Table 9). Daily turnover in FX instruments denominated in renminbi increased more than three times to US\$49.5 billion in April 2013 from US\$10.9 billion in April 2010. In April 2013, renminbi-related FX transactions made up 18.0% of total FX turnover, compared with 4.6% in April 2010.

TABLE 9

Average daily turnover of renminbi FX and OTC interest rate derivatives in Hong Kong (by instrument)

US\$ billion

	Average daily turnover		
	April 2013	April 2010	Change (%)
a. Spot			
Total renminbi transactions	7.2	1.6	360.9%
of which: against Hong Kong dollar	0.3	0.1	
against US dollar	6.8	1.4	
against other currencies	0.1	0.03	
As % of total spot transactions	14.1%	3.6%	
b. Outright forwards			
Total renminbi transactions	13.9	7.8	78.0%
of which: against Hong Kong dollar	0.03	0.01	
against US dollar	13.7	7.8	
against other currencies	0.1	0.02	
As % of total outright forward transactions	37.2%	24.3%	
c. Foreign exchange swaps			
Total renminbi transactions	25.1	0.3	7,183.1%
of which: against Hong Kong dollar	0.2	0.007	
against US dollar	24.8	0.3	
against other currencies	0.2	–	
As % of total FX swap transactions	14.4%	0.2%	
d. Other FX products	3.3	1.2	177.7%
As % of total currency swap & currency option transactions	27.6%	8.1%	
e. Total FX transactions (a.+b.+c.+d.)	49.5	10.9	354.1%
f. OTC single currency interest rate derivatives	2.0	0.8	145.1%
As % of total OTC single currency interest rate transactions	7.3%	4.5%	
Total renminbi denominated transactions (e.+f.)	51.5	11.7	

Notes:

1. Average daily net turnover has been adjusted to exclude double counting of figures reported by local inter-dealer.
2. Other FX products include currency swaps and currency options.
3. OTC single currency interest rate derivatives include forward rate agreements, interest rate swaps and interest rate options. But as in the last survey in 2010, no forward rate agreement transaction in renminbi was reported.
4. Figures may not add up to total due to rounding.

Strong growth was observed in all renminbi denominated FX instruments. In particular, FX swaps grew sharply by more than seventy times to US\$25.1 billion, representing 50.7% of total average daily turnover of renminbi-related FX instruments in April 2013. Spot and outright forwards transactions also posted significant increases, rising by more than three times and 78.0%, to US\$7.2 billion and US\$13.9 billion respectively.

For OTC interest rate derivatives, the average daily turnover of renminbi-related transactions increased by 1.5 times to US\$2.0 billion in April 2013, representing 7.3% (4.5% in April 2010) of all OTC interest rate derivatives.

Conclusion

The 2013 survey shows that the FX turnover in Hong Kong continued to grow. Despite intense competition in the global FX market, Hong Kong had advanced one place to rank fifth globally in terms of FX turnover. The FX turnover of renminbi in Hong Kong had grown tremendously compared with 2010, and the FX turnover of other major currencies, such as US dollar, Japanese yen and British pound, had also recorded increases. This reflects that Hong Kong is a leading offshore renminbi business centre as well as an international FX trading centre. Besides, the turnover of OTC interest rate derivatives in Hong Kong grew more rapidly than that of the global results. In particular, interest rate derivatives contracts denominated in Japanese yen and Australia dollar exhibited a strong growth in the 2013 survey. The growth in FX and OTC interest rate derivatives turnover demonstrated that Hong Kong continues to be well positioned as a major centre for FX trading and OTC interest rate derivatives.