

# The Foreign Exchange and Derivatives Markets in Hong Kong

by Banking Supervision Department

The results of the latest Triennial Survey of Foreign Exchange and Derivatives Market Turnover<sup>1</sup> co-ordinated by the Bank for International Settlements (BIS) in April 2022 reaffirmed Hong Kong's position as a global foreign exchange (FX) trading centre. As in the last survey in April 2019, Hong Kong continued to be the third largest over-the-counter (OTC) interest rate derivatives market and the fourth largest FX market globally. In addition, Hong Kong remained the world's most active offshore renminbi FX and interest rate derivatives market.

The average daily turnover of FX transactions in Hong Kong increased by 9.8% to US\$694.4 billion in April 2022 from US\$632.1 billion in April 2019. The turnover of renminbi-denominated transactions continued to grow notably. The average daily turnover of renminbi FX transactions grew by 77.7% to US\$191.2 billion in April 2022 from US\$107.6 billion in April 2019.

The average daily turnover of OTC interest rate derivatives decreased by 26.3% from US\$435.9 billion in April 2019 to US\$321.1 billion in April 2022 as a result of weak client demand and the transition from the use of LIBOR as a reference rate at the end of 2021.

Globally, the average daily turnover in FX increased to US\$7.5 trillion in April 2022, compared to US\$6.6 trillion in April 2019. FX swap was the most

traded instrument, accounting for 51% of global turnover, followed by spot, representing 28% of the turnover. In terms of currency, the US dollar remained the dominant currency in the global FX market. The turnover of OTC interest rate derivatives averaged US\$5.2 trillion per day in April 2022, down from US\$6.4 trillion in April 2019.

Major results related to Hong Kong are presented in Exhibits 1 to 11. Detailed global results are available at the BIS website (<http://www.bis.org>).

## Exhibit 1

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

Hong Kong continued to rank the third globally in terms of OTC interest rate derivatives turnover and the fourth in terms of FX turnover.

(US\$ billion)

Jurisdiction	Foreign exchange		
	April 2022		April 2019
	Rank	Amount	Amount
United Kingdom	1	3,755	3,576
United States	2	1,912	1,370
Singapore	3	929	640
<b>Hong Kong SAR</b>	<b>4</b>	<b>694</b>	<b>632</b>
Japan	5	433	376
Switzerland	6	350	264
France	7	214	167
Germany	8	184	124
Canada	9	172	109
China	10	153	136
The remaining 42 jurisdictions		1,048	885
<b>Total turnover<sup>2</sup></b>		<b>9,843</b>	<b>8,280</b>
<b>Global turnover<sup>3</sup></b>		<b>7,506</b>	<b>6,581</b>

Source: 2022 BIS Triennial Survey of Foreign Exchange and Derivatives Market Turnover

<sup>1</sup> The BIS Triennial Central Bank Survey collects information on the size and structure of global OTC markets in FX and interest rate derivatives every three years. The Survey aims to increase the transparency of OTC markets, helping central banks and market participants to monitor global financial markets, and to inform discussions on reforms to OTC markets. Central banks and other authorities in 52 jurisdictions have participated in the survey collecting data from more than 1,200 banks and other dealers for inclusion into the global aggregate. Turnover data are reported by the sales desks of reporting dealers, regardless of where a trade is executed, and on an unconsolidated basis, i.e. including trades between related entities that are part of the same group.

<sup>2</sup> Data have been adjusted to exclude double counting of inter-dealer transactions reported by local dealers. The same note applies to other exhibits concerning turnover unless otherwise specified.

<sup>3</sup> Data have been adjusted to exclude double counting of inter-dealer transactions reported by local and cross-border dealers.

(US\$ billion)

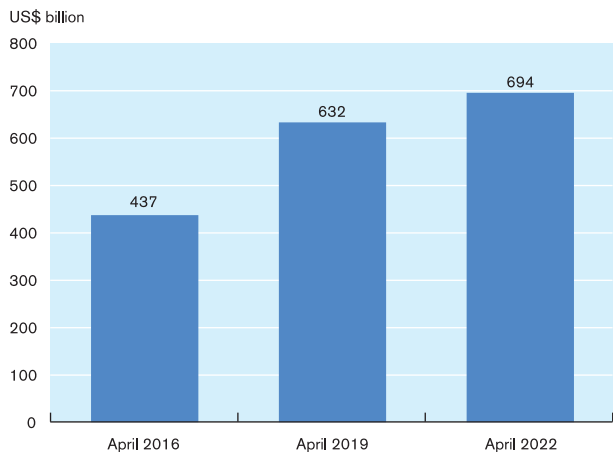
Jurisdiction	Interest rate derivatives		
	April 2022		April 2019
	Rank	Amount	Amount
United Kingdom	1	2,626	3,670
United States	2	1,689	2,356
<b>Hong Kong SAR</b>	<b>3</b>	<b>321</b>	<b>436</b>
Germany	4	273	56
France	5	204	120
Singapore	6	156	116
Australia	7	113	97
Canada	8	72	123
Japan	9	51	75
Netherlands	10	38	28
The remaining 42 jurisdictions		225	174
<b>Total turnover<sup>2</sup></b>		<b>5,769</b>	<b>7,251</b>
<b>Global turnover<sup>3</sup></b>		<b>5,226</b>	<b>6,439</b>

Source: 2022 BIS Triennial Survey of Foreign Exchange and Derivatives Market Turnover

**Exhibit 2**

**Average daily turnover of the Hong Kong FX market**

The average daily FX turnover in Hong Kong in April 2022 was 9.8% higher than the same period three years ago.

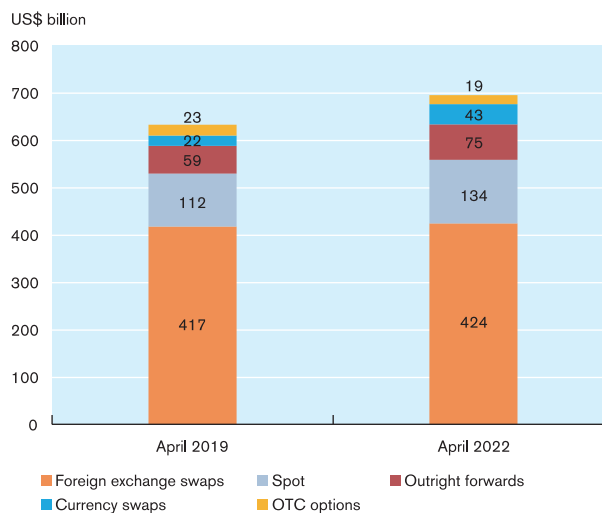


Source: HKMA

**Exhibit 3**

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

FX swaps and spot continued to be the most traded instruments in Hong Kong.

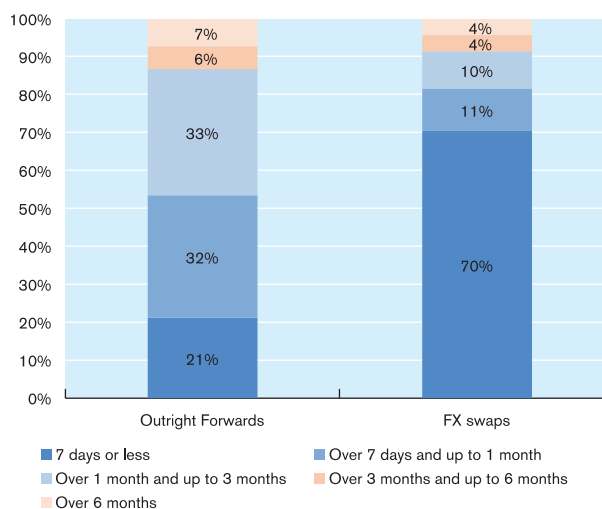


Source: HKMA

**Exhibit 4**

**Average daily turnover of FX swaps and outright forwards by maturity in April 2022**

The majority of FX swaps and outright forwards trades in Hong Kong had a maturity of less than three months.



Source: HKMA

**Exhibit 5****Average daily turnover of the Hong Kong FX market by currency pair**

The US dollar continued to be the most widely traded currency in the Hong Kong FX market, with USD/RMB being the most traded pair.

(US\$ billion)

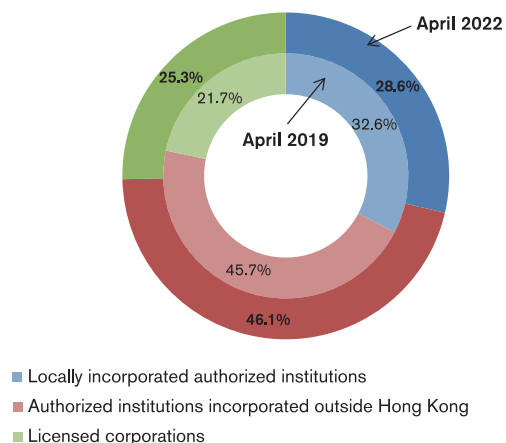
Currency pair	Average daily turnover				
	April 2022	% Share	April 2019	% Share	% Change
HKD / USD	94.4	13.6%	142.3	22.5%	-33.6%
HKD / RMB	1.8	0.3%	1.2	0.2%	58.9%
<i>of which: HKD / CNH</i>	1.6	0.2%	1.1	0.2%	44.3%
<i>HKD / CNY</i>	0.3	0.0%	0.1	0.0%	284.0%
HKD / EUR	0.9	0.1%	0.7	0.1%	22.2%
HKD / JPY	0.7	0.1%	0.4	0.1%	62.7%
HKD / GBP	0.3	0.0%	0.2	0.0%	41.7%
HKD / AUD	0.3	0.0%	0.3	0.1%	-0.3%
HKD / CAD	0.1	0.0%	0.1	0.0%	48.8%
HKD / Other	1.0	0.1%	0.2	0.0%	401.7%
<b>Subtotal</b>	<b>99.6</b>	<b>14.3%</b>	<b>145.4</b>	<b>23.0%</b>	<b>-31.5%</b>
USD/RMB	186.2	26.8%	105.6	16.7%	76.3%
<i>of which: USD / CNH</i>	172.7	24.9%	99.0	15.7%	74.4%
<i>USD / CNY</i>	13.5	2.0%	6.6	1.0%	105.8%
USD / EUR	92.3	13.3%	80.5	12.7%	14.7%
USD / JPY	85.6	12.3%	91.1	14.4%	-6.0%
USD / AUD	63.4	9.1%	47.9	7.6%	32.3%
USD / SGD	27.4	3.9%	19.8	3.1%	38.4%
USD / GBP	24.4	3.5%	26.1	4.1%	-6.5%
USD / KRW	15.8	2.3%	12.9	2.0%	22.5%
USD / TWD	15.0	2.2%	10.9	1.7%	37.6%
USD / NZD	13.0	1.9%	14.3	2.3%	-9.1%
USD / CAD	12.9	1.9%	11.1	1.8%	15.8%
USD / INR	10.5	1.5%	12.5	2.0%	-16.3%
USD / CHF	6.6	1.0%	5.6	0.9%	18.5%
USD / Other	21.9	3.2%	30.1	4.8%	-27.3%
<b>Subtotal</b>	<b>574.9</b>	<b>82.8%</b>	<b>468.3</b>	<b>74.1%</b>	<b>22.8%</b>
EUR / JPY	4.4	0.6%	4.7	0.7%	-6.3%
EUR / GBP	1.9	0.3%	1.0	0.2%	86.9%
EUR / CNH	1.8	0.3%	0.5	0.1%	230.4%
EUR / Other	4.6	0.7%	4.4	0.7%	6.3%
<b>Subtotal</b>	<b>12.7</b>	<b>1.8%</b>	<b>10.6</b>	<b>1.7%</b>	<b>20.2%</b>
JPY / AUD	1.5	0.2%	1.2	0.2%	24.3%
JPY / CAD	0.5	0.1%	0.3	0.1%	34.6%
JPY / NZD	0.2	0.0%	0.2	0.0%	-5.2%
JPY / Other	2.0	0.3%	1.9	0.3%	4.1%
<b>Subtotal</b>	<b>4.2</b>	<b>0.6%</b>	<b>3.7</b>	<b>0.6%</b>	<b>13.0%</b>
Other currency pairs	2.9	0.4%	4.0	0.6%	-27.5%
<b>All currency pairs</b>	<b>694.4</b>	<b>100.0%</b>	<b>632.1</b>	<b>100.0%</b>	<b>9.8%</b>
<b>Other OTC products</b>	0.0000		0.0067		-100.0%
<b>Total foreign exchange transactions</b>	<b>694.4</b>		<b>632.1</b>		<b>9.8%</b>

Source: HKMA

**Exhibit 6**

**Share of the average daily gross turnover<sup>4</sup> in the Hong Kong FX market (by type of reporting dealers)**

Authorized institutions incorporated outside Hong Kong had the largest share of FX trading in Hong Kong.

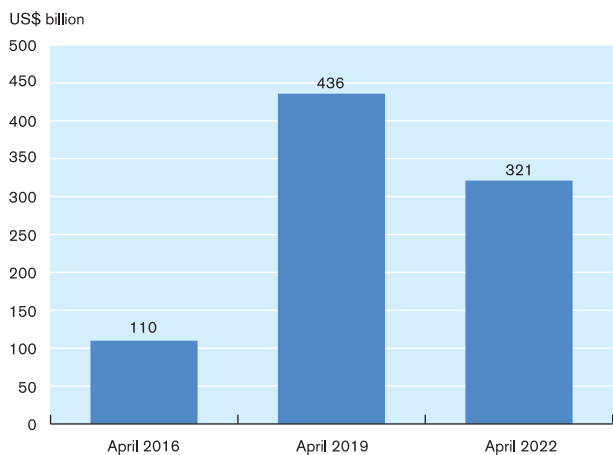


Source: HKMA

**Exhibit 7**

**Average daily turnover of the Hong Kong OTC interest rate derivatives market**

The average daily turnover of OTC interest rate derivatives in Hong Kong decreased by 26.3% in April 2022 compared to three years ago.

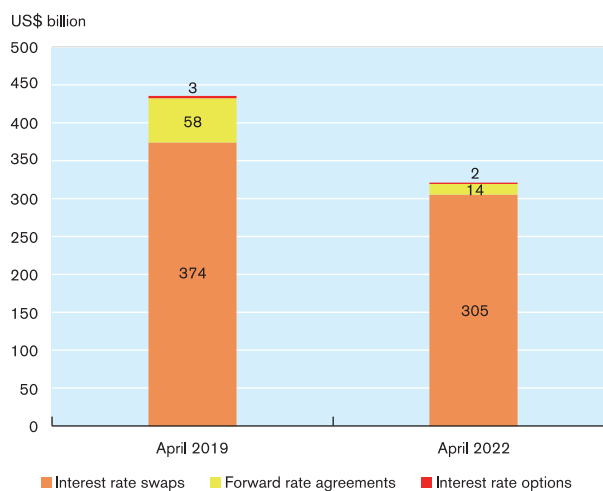


Source: HKMA

**Exhibit 8**

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

Interest rate swaps remained the most traded OTC interest rate derivatives instruments in Hong Kong.



Source: HKMA

<sup>4</sup> The average daily gross turnover has not been adjusted to exclude double counting of inter-dealer transactions reported by local dealers.

**Exhibit 9****Average daily turnover of the Hong Kong OTC interest rate derivatives market by currency**

Interest rate derivatives contracts denominated in the Australian dollar continued to be the most actively traded.

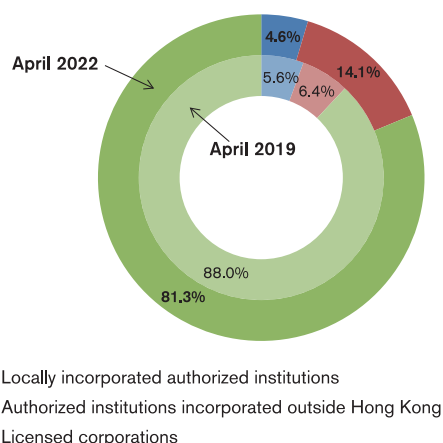
(US\$ billion)

Currency	Average daily turnover				
	April 2022	% Share	April 2019	% Share	% Change
AUD	145.4	45.3%	268.7	61.8%	-45.9%
USD	91.1	28.4%	88.9	20.4%	2.4%
EUR	16.2	5.1%	5.1	1.2%	219.9%
RMB	14.7	4.6%	12.7	2.9%	15.5%
of which: CNH	1.5	0.5%	0.2	0.0%	800.8%
CNY	13.2	4.1%	12.5	2.9%	5.3%
KRW	13.3	4.1%	6.2	1.4%	113.9%
NZD	12.4	3.9%	21.0	4.8%	-40.9%
HKD	8.3	2.6%	14.5	3.3%	-42.8%
SGD	7.8	2.4%	3.9	0.9%	97.5%
INR	3.7	1.1%	2.3	0.5%	61.4%
JPY	3.0	0.9%	6.6	1.5%	-54.4%
THB	2.6	0.8%	2.5	0.6%	2.6%
TWD	1.5	0.5%	1.2	0.3%	20.6%
MYR	0.4	0.1%	0.7	0.2%	-35.8%
GBP	0.4	0.1%	0.7	0.2%	-39.4%
Other	0.2	0.1%	0.1	0.0%	97.6%
<b>All currencies</b>	<b>321.0</b>	<b>100.0%</b>	<b>435.2</b>	<b>100.0%</b>	<b>-26.2%</b>
<b>Other OTC products</b>	<b>0.1</b>		<b>0.7</b>		
<b>Total OTC interest-rate derivatives transactions</b>	<b>321.1</b>		<b>435.9</b>		<b>-26.3%</b>

Source: HKMA

**Exhibit 10****Share of the average daily gross turnover<sup>5</sup> of the Hong Kong OTC interest rate derivatives market (by type of reporting dealers)**

Licensed corporations remained the most active players in the Hong Kong OTC interest rate derivatives market.



Source: HKMA

<sup>5</sup> The average daily gross turnover has not been adjusted to exclude double counting of inter-dealer transactions reported by local dealers.

**Exhibit 11****Average daily turnover of renminbi FX and OTC interest rate derivatives in Hong Kong (by instrument)**

Hong Kong continued to be the world's leading offshore renminbi FX and OTC interest rate derivatives market.

(US\$ billion)

Instrument	Average daily turnover in HK		
	April 2022	April 2019	Change (%)
<b>a. Spot</b>			
<b>Total renminbi transactions</b>	<b>48.0</b>	<b>24.8</b>	<b>93.4</b>
of which: against Hong Kong dollar	1.0	0.6	
against US dollar	45.7	23.9	
against other currencies	1.3	0.3	
<b>As % of total spot transactions</b>	<b>35.7%</b>	<b>22.2%</b>	
<b>b. Outright forwards</b>			
<b>Total renminbi transactions</b>	<b>14.8</b>	<b>9.3</b>	<b>58.7</b>
of which: against Hong Kong dollar	0.6	0.2	
against US dollar	13.6	9.0	
against other currencies	0.6	0.2	
<b>As % of total outright forward transactions</b>	<b>19.8%</b>	<b>15.9%</b>	
<b>c. Foreign exchange swaps</b>			
<b>Total renminbi transactions</b>	<b>118.1</b>	<b>68.9</b>	<b>71.3</b>
of which: against Hong Kong dollar	0.2	0.3	
against US dollar	117.1	68.3	
against other currencies	0.9	0.3	
<b>As % of total FX swap transactions</b>	<b>27.9%</b>	<b>16.5%</b>	
<b>d. Other FX products</b>	<b>10.4</b>	<b>4.6</b>	<b>127.3</b>
<b>As % of total currency swap &amp; currency option transactions</b>	<b>16.9%</b>	<b>10.3%</b>	
<b>e. Total FX transactions (a+b+c+d)</b>	<b>191.2</b>	<b>107.6</b>	<b>77.7</b>
<b>f. OTC single currency interest rate derivatives</b>	<b>14.7</b>	<b>12.7</b>	<b>15.5</b>
<b>As % of total OTC single currency interest rate transactions</b>	<b>4.6%</b>	<b>2.9%</b>	
<b>Total renminbi denominated transactions (e+f)</b>	<b>205.9</b>	<b>120.3</b>	<b>71.1</b>

Source: HKMA