

RESULTS OF THE 2010 TRIENNIAL CENTRAL BANK SURVEY OF FOREIGN EXCHANGE AND DERIVATIVES MARKET ACTIVITY

Background

In cooperation with the Bank for International Settlements (BIS) the Bank of Thailand together with 52 other central banks and monetary authorities around the world participated in the 2010 Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity. This is the fifth time the Bank of Thailand has participated in the survey which has been conducted by the BIS every three years since April 1989. The survey's main objective is to provide the most comprehensive and internationally consistent information on the size and structure of global foreign exchange markets. Coordinated by the BIS, a total of 1,300 reporting dealers worldwide participated in the turnover in foreign exchange spot transactions, over-the-counter (OTC) foreign exchange derivatives and OTC interest rate derivatives. For Thailand a total of 27 institutions participated in the survey.

Products surveyed include spot, outright forwards, foreign exchange swaps, currency swaps, foreign exchange options, FRAs, interest rate swaps and options. The survey was conducted in two separate steps: **Turnover Data** and **Outstanding Data**.

1. The **Turnover Part** of the survey was conducted in April 2010 and banks holding Foreign Exchange licenses in Thailand took part in the survey. (A total of 27 banks participated including 13 local banks, 13 foreign bank branches, and 1 special financial institution.)
2. The **Outstanding Part** of the survey was conducted in June 2010 and includes data in both nominal and gross market values which provide a meaningful indication of market size. As in previous surveys, the outstanding amounts of the survey include the 9 local banks headquartered in Thailand, whilst the transactions of foreign bank branches are consolidated at their respective headquarters.

The Final 2010 Global Results of the Triennial Central Bank Survey which covers both parts of the survey can be found on the BIS website: www.bis.org

Turnover in the Thai Foreign Exchange Market

- Turnover in the Thai foreign exchange market¹ increased 17 percent from a daily average turnover of \$6.3 billion in April 2007 to **\$7.4 billion in April 2010**.
- The increased turnover is due mainly to the increase in **spot transactions which more than doubled since the last survey from \$1.4 billion to \$2.9 billion**. This is reflected in the share of spot transactions to total foreign exchange transactions which currently accounts for 40 percent of total foreign exchange transactions up from a mere 22 percent in April 2007.

¹ Note that this year's **Global Foreign Exchange Market** figure includes spot transactions, outright forwards, foreign exchange swaps, currency swaps and currency options. Previous triennial surveys referred to "traditional foreign exchange markets" to refer to spot transactions, outright forwards and foreign exchange swaps.

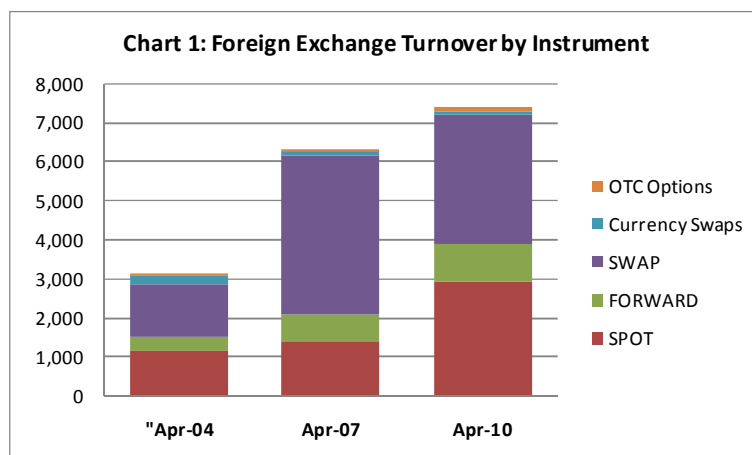


Table 1: Average Daily Turnover in the Foreign Exchange Market by Type of Instruments

Daily Average (millions of USD)	"Apr-04	Apr-07	Apr-10
TOTAL Foreign Exchange Transactions	3,117	6,314	7,390
SPOT	1,139	1,382	2,941
FORWARD	396	683	971
SWAP	1,333	4,106	3,276
Currency Swaps	238	106	111
OTC Options	10	36	90

Note: includes all currency pairs

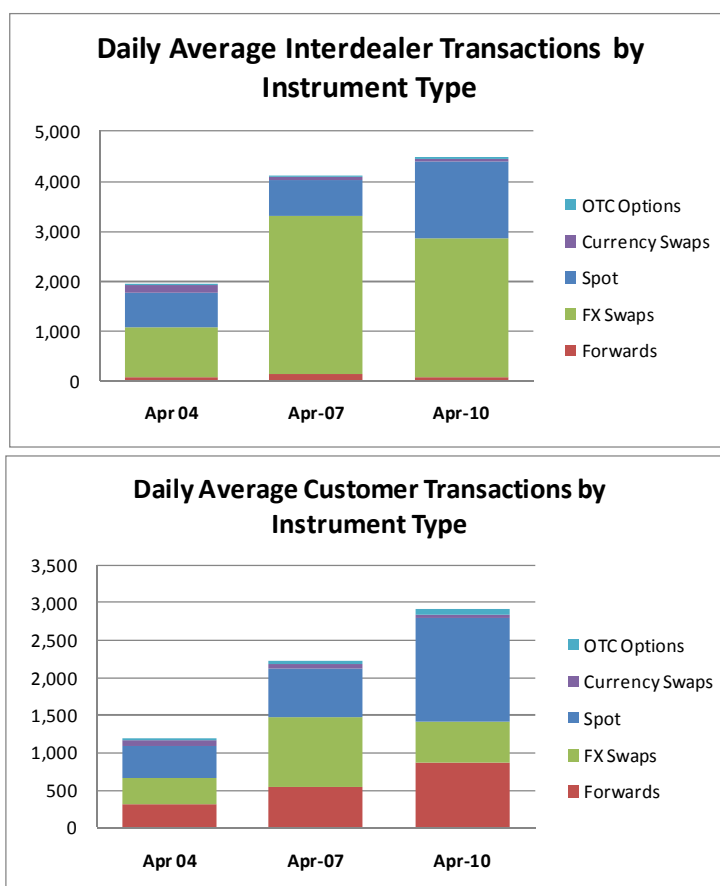
- As in previous surveys, the foreign exchange market in Thailand holds roughly 0.1 percent of global market turnover. (Appendix 1) In comparison to markets surveyed, Thailand's market ranks 34th in April 2010 just slightly lower than in April 2007 when we ranked 33rd. Brazil, which previously ranked below Thailand, now ranks 30th as much interest has been placed by traders on the emerging Latin American countries.
- THB/USD remain the most traded currency pair** in the local interdealer market with 99.8 percent of total foreign exchange market turnover. However, if we look at just local Thai Baht currencies against other currencies, THB/USD comprise of 92% of all transactions followed JPY/THB with 4% of all transactions. Other currency pairs are traded relatively little.

Counterparties

- Looking at counterparties, turnover increased largely due to the growth in activity amongst '**customers**' which includes '**other financial institutions²**' and '**non-financial customers³**.' Turnover increased \$701 million from \$2.2 billion in April 2007 to \$2.9 billion in April 2010. Local customer transactions also for the first time superseded local interdealer transactions with \$2.3 billion compared to \$2.26 billion.

²Other financial institutions includes smaller commercial banks, investment banks, securities houses, mutual funds, pension funds, hedge funds, currency funds, money market funds, building societies, leasing companies, insurance companies other financial subsidiaries of corporate firms and central banks.

³ Non-financial customers include mainly non-financial end users, such as corporate and governments.



Turnover in the Thai OTC Derivatives Market

- The foreign exchange derivatives market includes data for three instruments: forward rate agreements (FRAs), interest rate swaps, and interest rate options. Worldwide trading activities for these instruments have grown by 24 percent since the last survey with the average daily turnover rising to \$2.1 trillion in April 2010 from \$1.7 trillion in April 2007. Average daily turnover in Thailand's OTC derivatives market amounted to \$702 million in April 2010 up from \$386 million in April 2007.

Table 2: Average Daily Turnover in the Foreign Exchange Market by Type of Instruments

<i>Daily Average (millions of USD)</i>	Apr-04	Apr-07	Apr-10
Single Currency Interest Rate Transactions	96	386	702
FRAs	2	14	34
Interest Rate Swaps	93	371	663
Interest Rate Options	0	2	6

- The rise in Thailand's single currency interest rate transactions is mostly driven by an increase in **interest rate swaps** which increased from \$371 million in April 2007 to \$663 million in April 2010. Though Forward rate agreements and interest rate options have increased, the amount remains low at \$34 million and \$6 million respectively.

Appendix 1:**'Geographical distribution of global foreign exchange market turnover'¹**

Daily averages in April, in billions of US dollars and percentages

Rank		2007		Rank		2010	
		Amount	%			Amount	%
1	United Kingdom	1,483.2	34.6	1	United Kingdom	1,853.6	36.7
2	United States	745.2	17.4	2	United States	904.4	17.9
3	Switzerland	253.6	5.9	3	Japan	312.3	6.2
4	Japan	250.2	5.8	4	Singapore	266.0	5.3
5	Singapore	241.8	5.6	5	Switzerland	262.6	5.2
6	Hong Kong SAR	181.0	4.2	6	Hong Kong SAR	237.6	4.7
7	Australia	176.3	4.1	7	Australia	192.1	3.8
8	France	126.8	3.0	8	France	151.6	3.0
9	Germany	101.4	2.4	9	Denmark	120.5	2.4
10	Denmark	88.2	2.1	10	Germany	108.6	2.1
11	Canada	64.0	1.5	11	Canada	61.9	1.2
12	Russia	50.2	1.2	12	Sweden	44.8	0.9
13	Belgium	50.1	1.2	13	Korea	43.8	0.9
14	Sweden	43.9	1.0	14	Russia	41.7	0.8
15	Luxembourg	43.9	1.0	15	Luxembourg	33.4	0.7
16	India	38.4	0.9	16	Belgium	32.5	0.6
17	Italy	37.6	0.9	17	Finland	31.3	0.6
18	Korea	35.2	0.8	18	Spain	29.3	0.6
19	Norway	32.1	0.7	19	Italy	28.6	0.6
20	Netherlands	24.8	0.6	20	India	27.4	0.5
21	Austria	18.8	0.4	21	Norway	22.2	0.4
22	Spain	17.1	0.4	22	China ³	19.8	0.4
24	Mexico	15.3	0.4	24	Netherlands	18.3	0.4
25	South Africa	14.0	0.3	25	Chinese Taipei	18.0	0.4
26	New Zealand	12.8	0.3	26	Mexico	17.0	0.3
27	Ireland	11.4	0.3	27	Turkey	16.8	0.3
28	China ³	9.3	0.2	28	Ireland	14.6	0.3
29	Poland	9.2	0.2	29	South Africa	14.4	0.3
30	Israel	8.4	0.2	30	Brazil ²	14.2	0.3
31	Finland	8.3	0.2	31	Israel	10.0	0.2
32	Hungary	6.9	0.2	32	New Zealand	8.8	0.2
33	Thailand	6.3	0.1	33	Poland	7.8	0.2
34	Brazil ²	5.8	0.1	34	Thailand	7.4	0.1
35	Czech Republic	5.0	0.1	35	Malaysia	7.3	0.1
36	Greece	5.0	0.1	36	Chile	5.5	0.1
37	Saudi Arabia	4.5	0.1	37	Saudi Arabia	5.3	0.1
38	Portugal	4.3	0.1	38	Greece	5.2	0.1
39	Turkey	4.1	0.1	39	Czech Republic	5.1	0.1
40	Chile	4.0	0.1	40	Philippines	5.0	0.1
41	Malaysia	3.5	0.1	41	Bahrain	4.5	0.1
42	Slovakia	3.5	0.1	42	Hungary	4.2	0.1
43	Bahrain	3.2	0.1	43	Portugal	3.7	0.1
44	Indonesia	3.0	0.1	44	Indonesia	3.4	0.1
45	Latvia	2.6	0.1	45	Romania	3.2	0.1
46	Romania	2.5	0.1	46	Colombia	2.8	0.1
47	Philippines	2.3	0.1	47	Latvia	2.2	0.0
48	Colombia	1.9	0.0	48	Argentina	1.6	0.0
49	Estonia	1.3	0.0	49	Peru	1.4	0.0
50	Argentina	1.1	0.0	50	Lithuania	1.2	0.0
51	Lithuania	1.0	0.0	51	Estonia	1.1	0.0
52	Peru	0.8	0.0	52	Bulgaria	0.9	0.0
53	Bulgaria	0.5	0.0	53	Slovakia	0.4	0.0
54	Slovenia	0.3	0.0	54	Slovenia
	Total	4,281.1	100.0		Total	5,056.4	100.0

¹ Adjusted for local inter-dealer double-counting (ie "net-gross" basis). Tables 1, 2, 3 and 4 are expressed