JSE
INTEREST RATE DERIVATIVES
MONTHLY VIEW

February 2020

Compiled by the IRC team

Contents

HIGHLIGHTS

- The total **IRD contracts traded** ytd in 2020 is 3.1m, up 19% in comparison to the same period in 2019. This translates to approximately R308 billion value traded ytd (up from R270m in same period last year)
- The **bond options** have seen 3.5x the volume as compared to the same period last year
- The **Govi futures** have seen 1.7x the volume as compared to the same period last year with a total; of R18 billion value traded ytd.
- The **IRD open interest** is up 45% on same period last year, with Bond options up 224% and Govi futures up 164%

INTEREST RATE DERIVATIVE CONTRACTS

IRD CONTRACTS TRADED

The number of IRD contracts traded YTD is 19% up from 2019 equivalent period. Large growth was seen in Bond options and Govi futures.

Listed IRD CONTRACTS TRADED							
YTD - Contracts	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	2 526 770	78 143	968	3 485	-	-	2 609 366
2020	2 802 967	287 411	2 660	3 784	-	-	3 096 822
Growth	**10.9%**	**267.8%**	**174.8%**	**8.6%**	**0.0%**	**0.0%**	**18.7%**

IRD VALUE TRADED

The value traded YTD is 14% higher than 2019 equivalent period a total of R308 billion outstanding notional.

IRD VALUE TRADED YTD (Rm)							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	R 245 458	R 82	R 6 179	R 18 091	R 0	R 0	R 269 810
2020	R 274 601	R 384	R 18 726	R 14 669	R 0	R 0	R 308 380
Growth	**11.9%**	**367.7%**	**203.0%**	**-18.9%**	**0.0%**	**0.0%**	**14.3%**

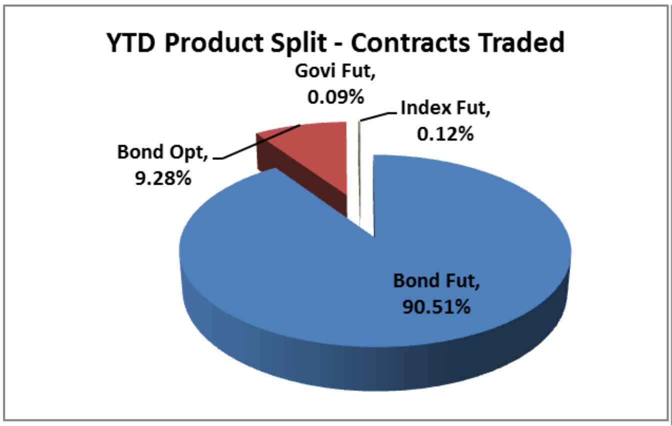
IRD OPEN INTEREST

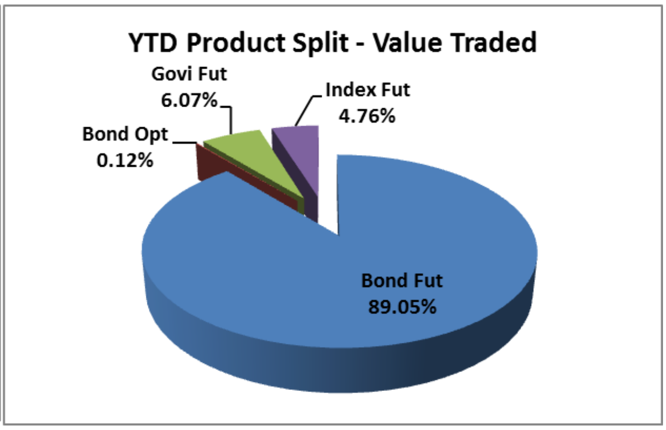
The 2020 Open Interest is 46% up on the equivalent period last year.

IRD OPEN INTEREST YTD							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	784 852	124 290	445	1 638	-	51	911 276
2020	921 269	402 713	1 176	1 215	-	51	1 326 424
Growth	**17.4%**	**224.0%**	**164.3%**	**-25.8%**	**0.0%**	**0.0%**	**45.6%**

IRD PRODUCT SPLIT IN CONTRACTS AND VALUE TRADED

While **GOVI and Index Futures** account for only 0.2% of contracts booked in the IRD market, they account for almost 11% of total value traded in the IRD market YTD, due to the large contract size





TWO_MONTH CLOSE OUT PERIOD VOLUME (ALL IRD CONTRACTS)

Participants usually start to roll positions in the month preceding close-out and, as such, in order to get a complete picture, **volumes for the active close-out month and the preceding month are added to represent a 2-month close-out period**.

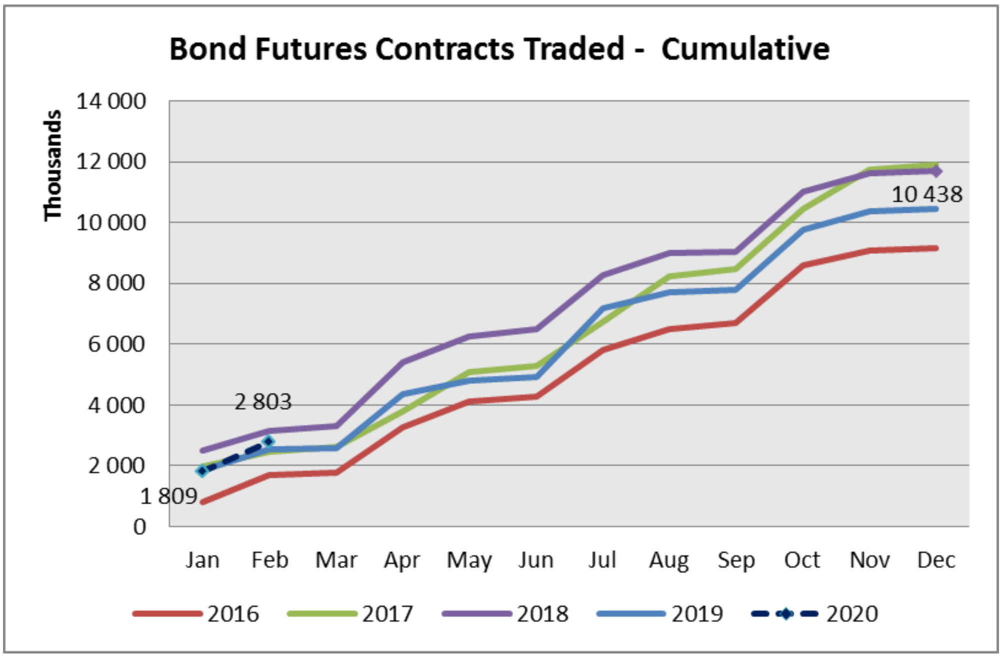
In the February 2020 (2-mth) close-out period, a total of 3.1 million contracts were traded, 19% higher than those traded during the same close-out period in 2019.

ALL IRD CONTRACTS (in 2-mth periods)							
Close-Out (2-mth)	2016	2017	2018	2019	2020	% Chg 2019/18	% Chg 2020/19
Close-Out 1 (Feb)	1 732 666	2 454 909	3 291 708	2 609 366	3 096 822	-20.7%	18.7%
Close-Out 2 (May)	2 400 933	2 490 915	2 973 062	2 518 022		-15.3%	
Close-Out 3 (Aug)	2 313 032	3 050 960	2 531 742	3 008 502		18.8%	
Close-Out 4 (Nov)	2 399 150	3 320 386	2 749 042	2 786 833		1.4%	

BOND FUTURES

BOND FUTURES: CONTRACTS TRADED

The graph below depicts the cumulative contracts traded in Bond Futures over the past few years. The traded contracts year-to-date is 11% higher than equivalent period previous year.

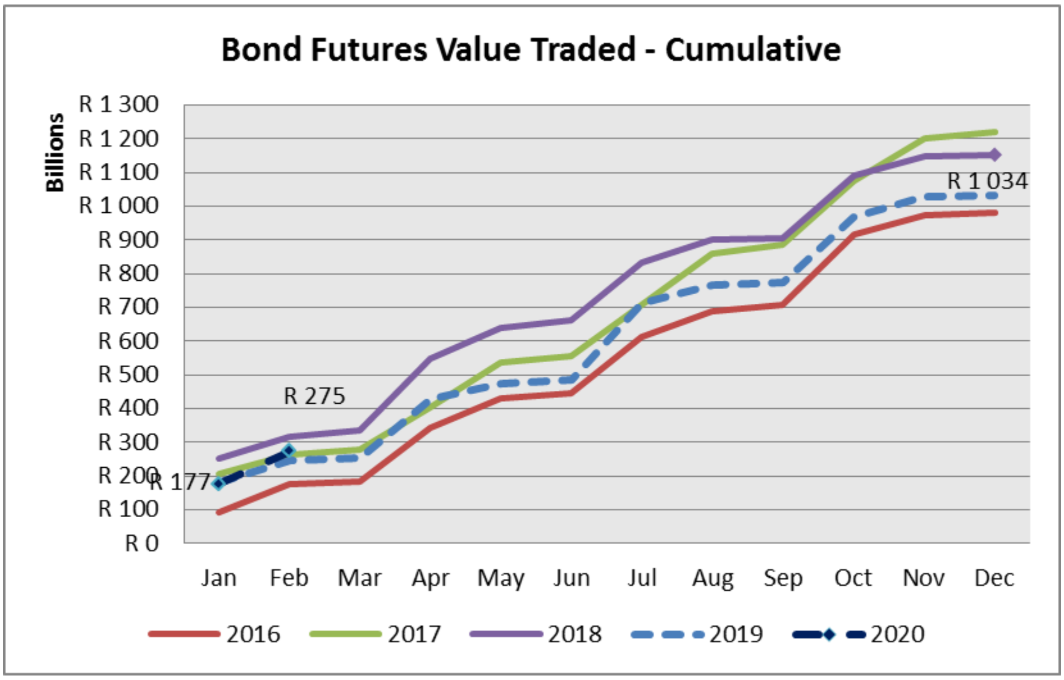


The table below provides a **historical non-cumulative** breakdown in terms of Bond Futures contracts traded per month.

Bond Futures Contracts Traded							
Date	2016	2017	2018	2019	2020	Chg 19/18	Chg 20/19
Jan	826 485	1 963 456	2 512 043	1 872 040	1 808 945	*-25.5%*	*-3.4%*
Feb	883 377	493 725	622 760	654 730	994 022	*5.1%*	*51.8%*
Mar	79 520	148 066	184 080	71 194		*-61.3%*	
Apr	1 490 182	1 168 792	2 071 717	1 778 197		*-14.2%*	
May	854 135	1 322 123	868 973	434 577		*-50.0%*	
Jun	134 452	177 529	241 609	121 845		*-49.6%*	
Jul	1 542 365	1 475 383	1 770 507	2 232 039		*26.1%*	
Aug	691 788	1 497 690	706 275	550 331		*-22.1%*	
Sep	207 021	235 816	53 904	85 331		*58.3%*	
Oct	1 903 245	1 947 995	1 987 598	1 970 014		*-0.9%*	
Nov	477 584	1 304 500	599 247	610 292		*1.8%*	
Dec	77 224	180 041	69 157	57 887		*-16.3%*	
TOTAL	**9 167 378**	**11 915 116**	**11 687 870**	**10 438 477**	**2 802 967**	***-10.7%***	***10.9%***

BOND FUTURES: VALUE TRADED

The graph below highlights the historical cumulative value traded over the past few years. There has been a 12% **increase in value traded** year-to-date compared to value traded in 2019.

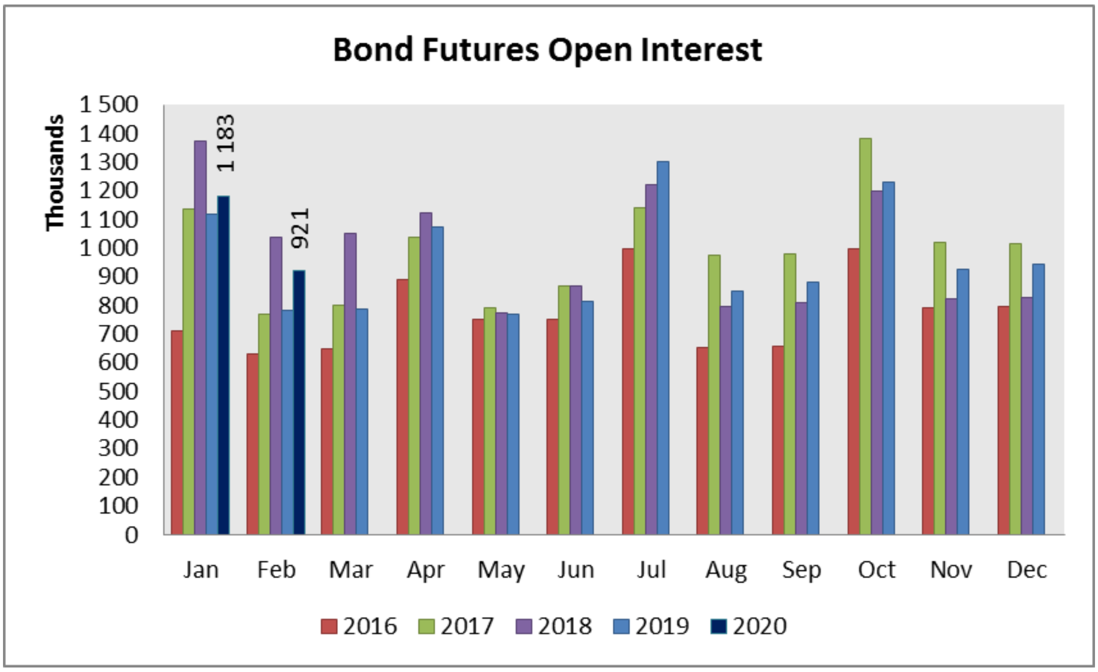


The following table provides a historical **non-cumulative** breakdown in terms of Bond Futures value traded per month.

Bond Futures Value Traded Rm							
Date	2016	2017	2018	2019	2019	Chg 19/18	Chg 20/19
Jan	R 93 017	R 207 419	R 253 621	R 180 384	R 176 702	*-28.9%*	*-2.0%*
Feb	R 83 446	R 54 107	R 63 521	R 65 075	R 97 898	*2.4%*	*50.4%*
Mar	R 8 122	R 15 689	R 18 820	R 7 378		*-60.8%*	
Apr	R 159 522	R 128 361	R 212 944	R 177 545		*-16.6%*	
May	R 87 612	R 131 736	R 91 403	R 44 429		*-51.4%*	
Jun	R 13 129	R 19 049	R 22 502	R 11 983		*-46.7%*	
Jul	R 166 159	R 151 742	R 170 320	R 225 830		*32.6%*	
Aug	R 75 809	R 152 914	R 68 472	R 53 410		*-22.0%*	
Sep	R 20 266	R 24 072	R 5 123	R 8 239		*60.8%*	
Oct	R 210 332	R 191 314	R 185 855	R 194 759		*4.8%*	
Nov	R 55 648	R 126 095	R 54 306	R 59 502		*9.6%*	
Dec	R 7 458	R 17 391	R 6 458	R 5 516		*-14.6%*	
TOTAL	**R 980 519**	**R 1 219 888**	**R 1 153 345**	**R 1 034 049**	**R 274 601**	***-10.3%***	***11.9%***

BOND FUTURES: OPEN INTEREST

Bond Futures Open interest was 921k contracts as at month end which is 18% more than that at the end of the equivalent month in previous year.

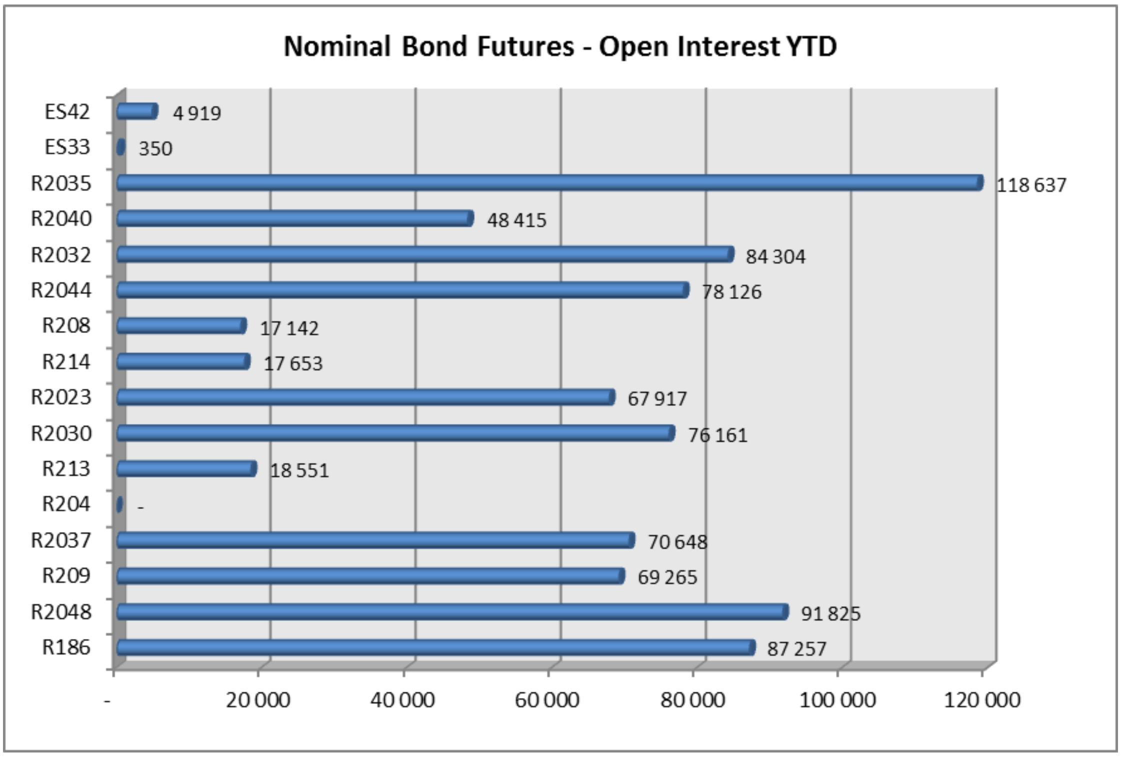


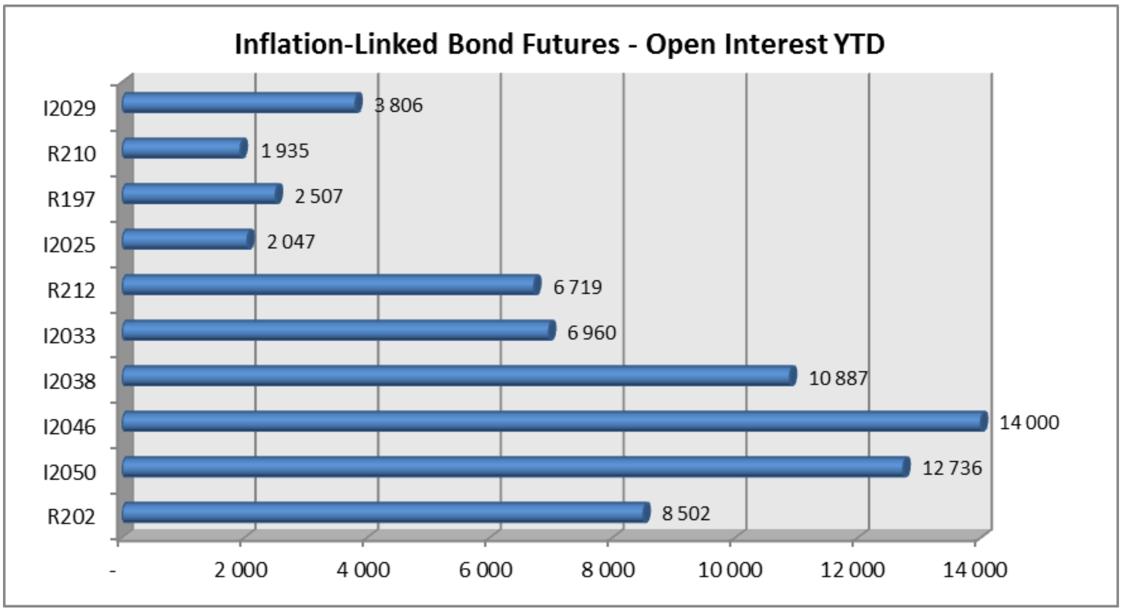
The table provides the total Bond Futures open interest contracts as at the end of each month.

Bond Futures Open Interest						
	2016	2017	2018	2019	2020	Growth
Jan	713 913	1 137 425	1 372 543	1 118 795	1 183 158	5.8%
Feb	633 062	770 321	1 037 493	784 852	921 269	17.4%
Mar	650 335	801 800	1 052 470	787 390		
Apr	890 406	1 037 427	1 126 181	1 073 638		
May	752 370	794 207	777 714	769 139		
Jun	753 049	868 162	870 652	817 539		
Jul	996 943	1 139 985	1 222 141	1 302 006		
Aug	655 211	977 327	798 912	849 438		
Sep	657 642	981 713	809 221	883 920		
Oct	999 507	1 383 649	1 201 141	1 231 132		
Nov	793 813	1 020 399	826 316	927 675		
Dec	798 552	1 016 463	827 458	944 806		

BOND FUTURES: OPEN INTEREST PER INSTRUMENT

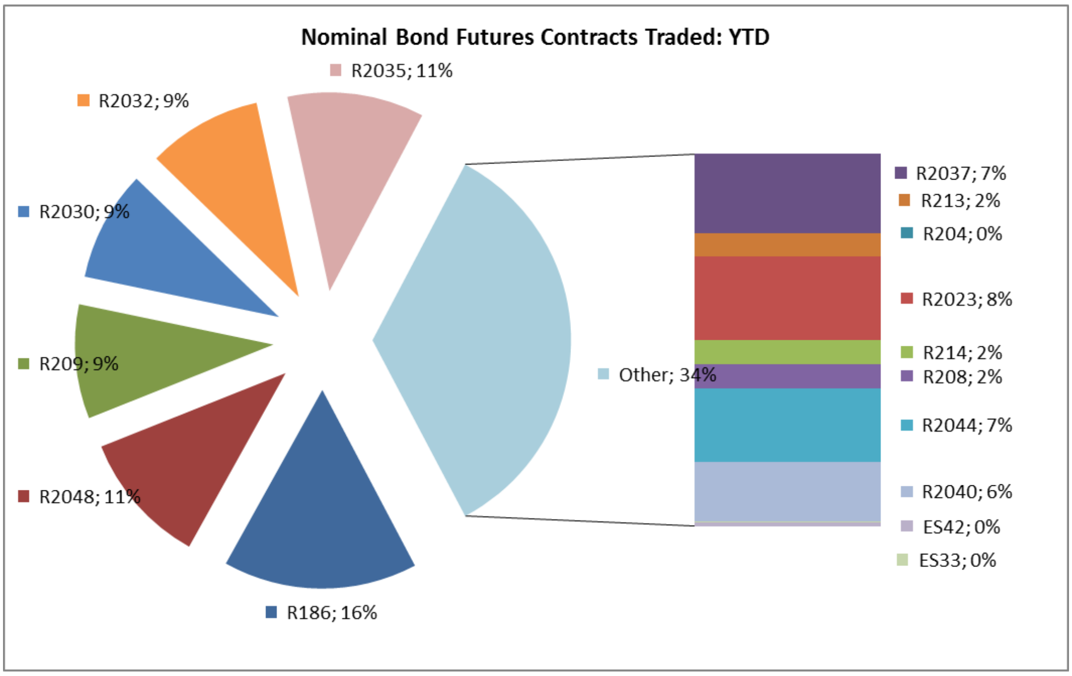
Charts display the open interest for Nominal and Inflation-Linked Bond Futures as at month end. The contract with most open interest is the R2035

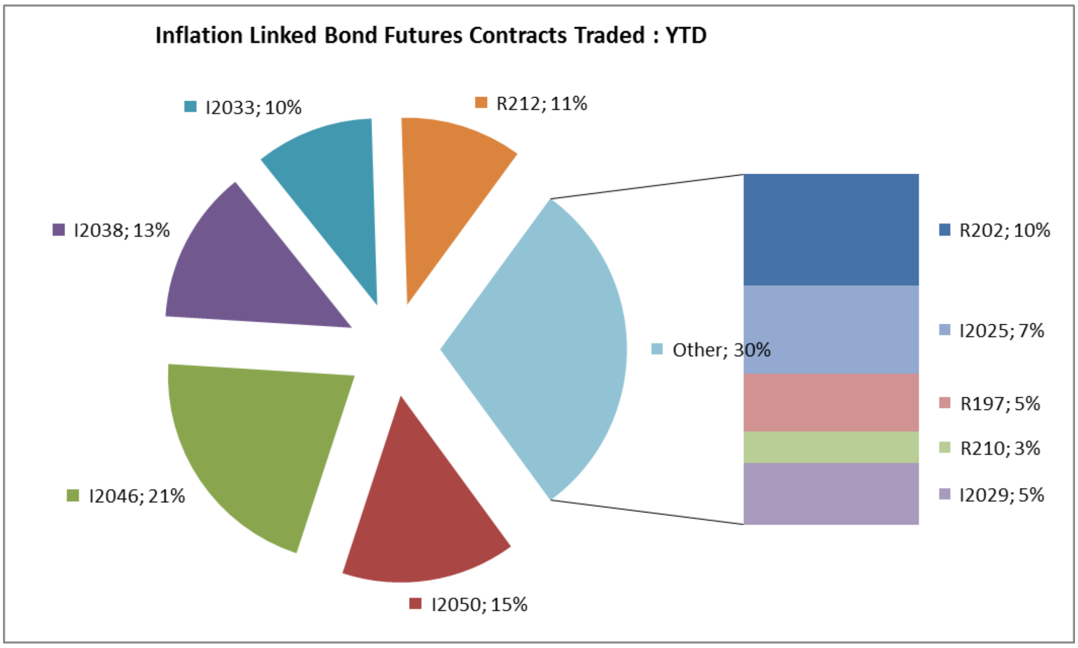




SINGLE BOND FUTURE CONTRACTS

The chart shows all the single Nominal Bond Futures and Inflation Bond Futures traded year to date and ranks them according to number of contracts traded. The percentage split between Nominal / Inflation Bond Futures contracts is about 93% / 7 %.

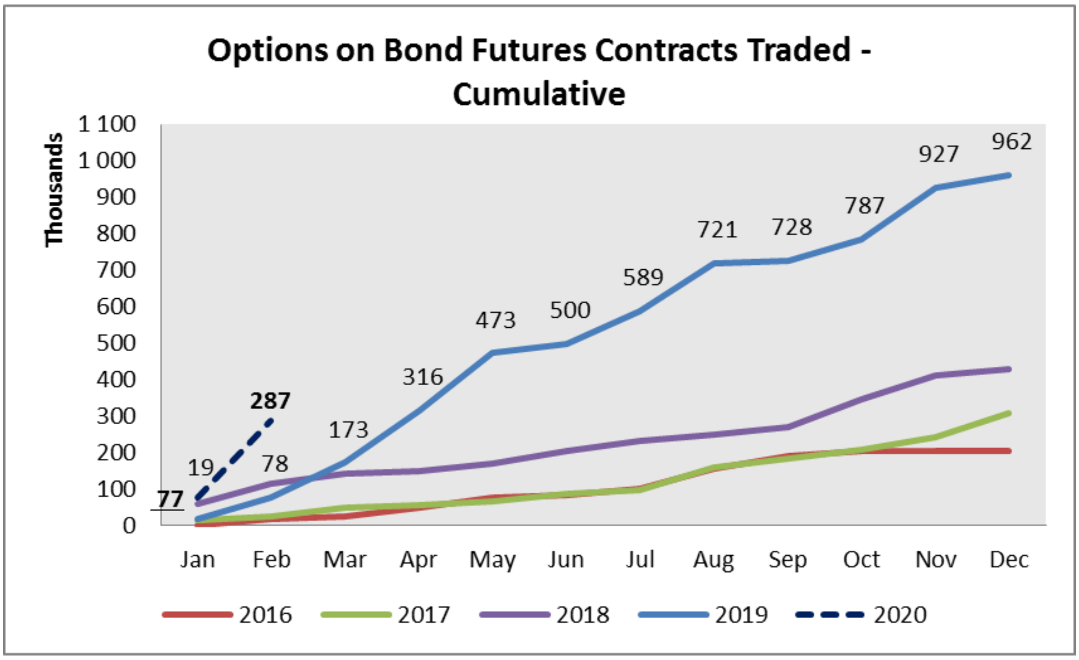




OPTIONS ON BOND FUTURES

OPTIONS ON BOND FUTURES: CONTRACTS TRADED YTD

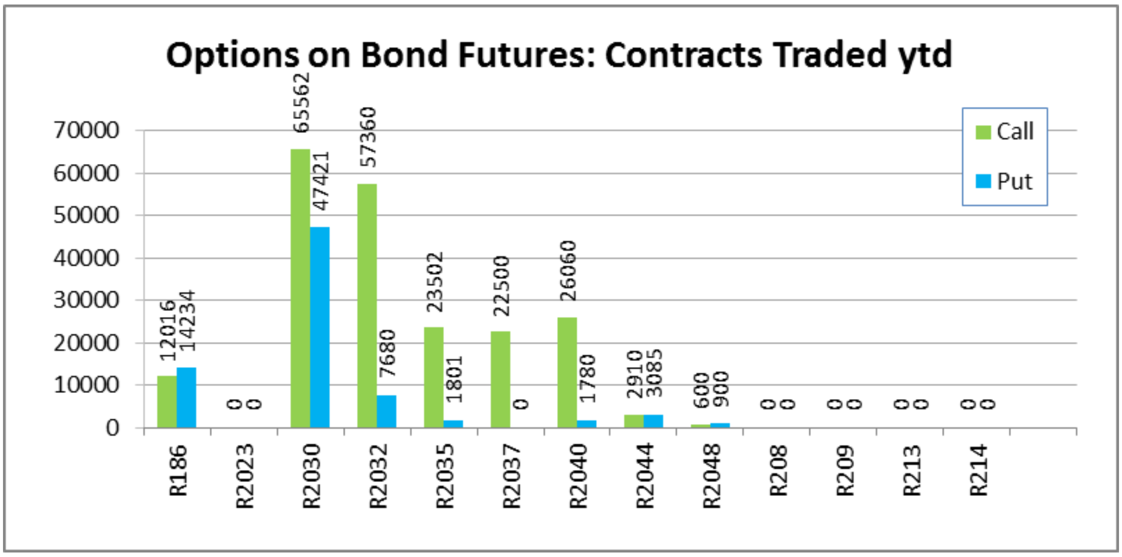
The contracts traded year-to-date was up 268% on the equivalent period in previous year.



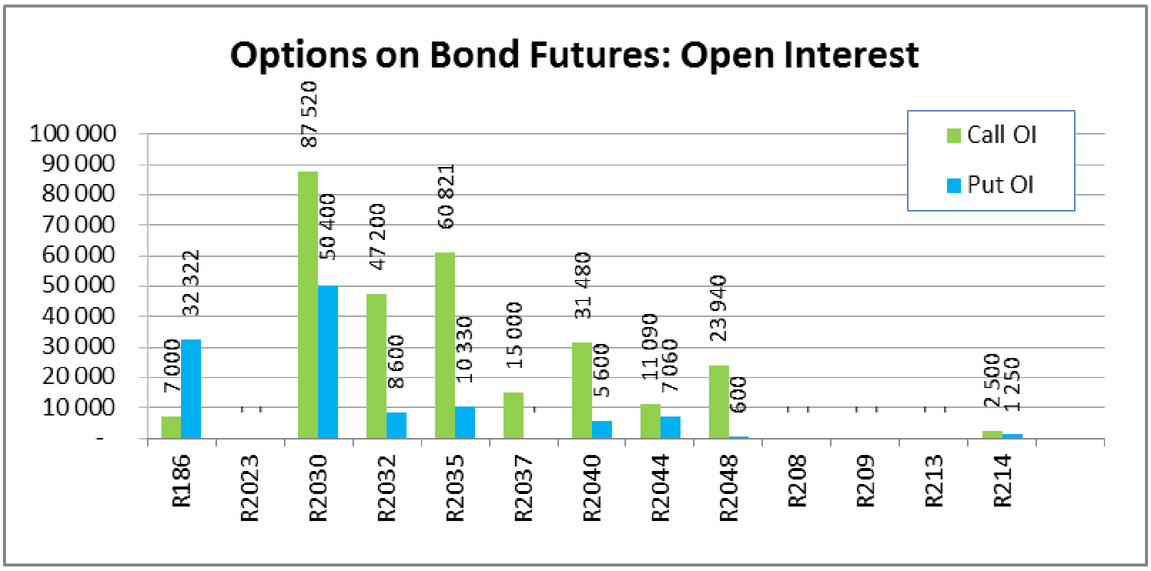
The table below provides a **historical non-cumulative** breakdown in terms of Options on Bond Futures contracts traded per month.

Options on Bond Futures Contracts Traded							
Date	**2016**	**2017**	**2018**	**2019**	**2020**	**Chg 19/18**	**Chg 20/19**
Jan	-	14 483	60 405	19 110	77 201	*-68.4%*	*304.0%*
Feb	17 536	11 415	54 977	59 033	210 210	*7.4%*	*256.1%*
Mar	8 812	25 538	28 832	95 276		*230.5%*	
Apr	22 435	5 400	5 558	143 016		*2473.2%*	
May	29 048	8 862	20 150	157 005		*679.2%*	
Jun	5 775	23 320	34 432	26 470		*-23.1%*	
Jul	18 285	8 019	28 655	88 896		*210.2%*	
Aug	54 921	63 882	17 260	131 864		*664.0%*	
Sep	36 208	22 555	19 612	7 489		*-61.8%*	
Oct	12 419	26 394	78 210	58 639		*-25.0%*	
Nov	50	34 036	63 736	140 504		*120.4%*	
Dec	50	63 418	16 886	34 609		*105.0%*	
TOTAL	**205 539**	**307 322**	**428 713**	**961 911**	**287 411**	***124.4%***	***267.8%***

OPTIONS ON BOND FUTURES: CONTRACTS TRADED PER INSTRUMENT



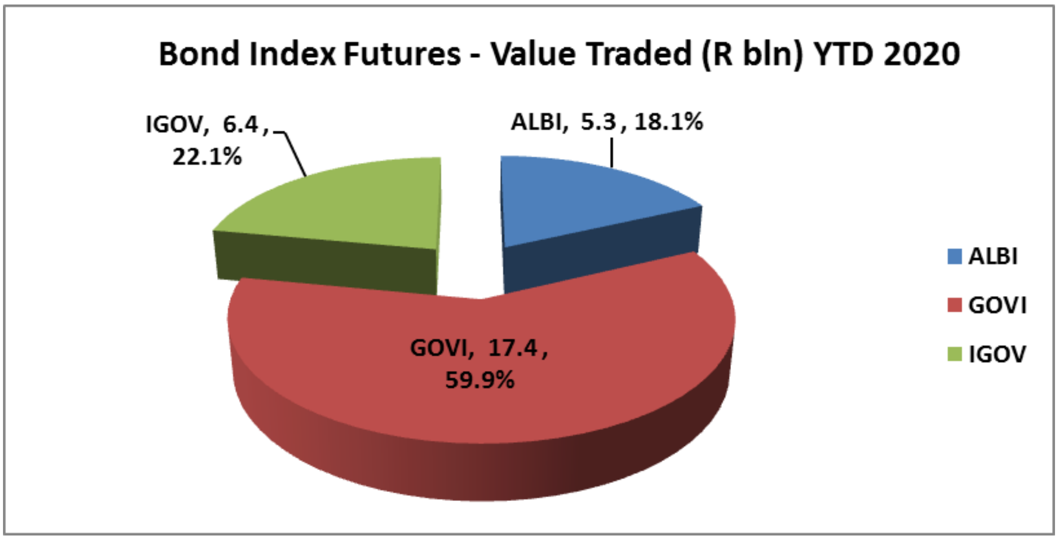
OPTIONS ON BOND FUTURES: OPEN INTEREST PER INSTRUMENT

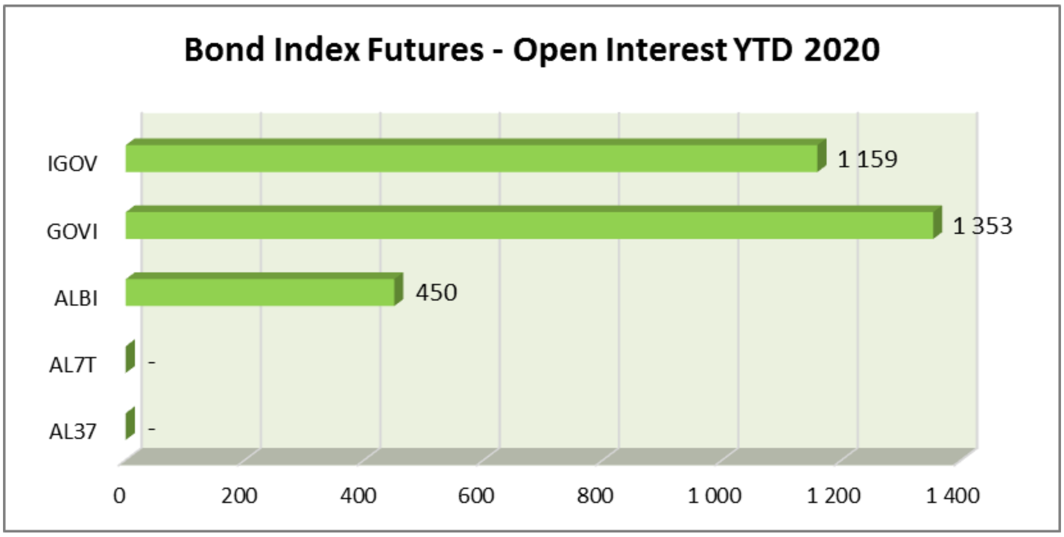


BOND INDEX FUTURES

BOND INDEX FUTURES: VALUE TRADED YTD

The GOVI and Bond Index futures value traded and open interest year-to-date are shown. The GOVI represents 60% of trade by value.





Please contact irc@jse.co.za should you have any questions on this document or require further information.