

# JSE

## INTEREST RATE DERIVATIVES

### MONTHLY VIEW

May 2020

Compiled by the IRC team

## Contents

Contents .....	2
HIGHLIGHTS .....	3
INTEREST RATE DERIVATIVE CONTRACTS .....	3
IRD CONTRACTS TRADED .....	3
IRD VALUE TRADED .....	3
IRD OPEN INTEREST .....	3
IRD PRODUCT SPLIT IN CONTRACTS AND VALUE TRADED .....	4
TWO_MONTH CLOSE OUT PERIOD VOLUME (ALL IRD CONTRACTS) .....	4
BOND FUTURES .....	5
BOND FUTURES: CONTRACTS TRADED .....	5
BOND FUTURES: VALUE TRADED .....	6
BOND FUTURES: OPEN INTEREST .....	7
BOND FUTURES: OPEN INTEREST PER INSTRUMENT .....	8
SINGLE BOND FUTURE CONTRACTS .....	9
OPTIONS ON BOND FUTURES .....	10
OPTIONS ON BOND FUTURES: CONTRACTS TRADED YTD .....	10
OPTIONS ON BOND FUTURES: CONTRACTS TRADED AND OPEN INTEREST .....	11
BOND INDEX FUTURES .....	12
BOND INDEX FUTURES: VALUE TRADED YTD .....	12

## HIGHLIGHTS

- The total **IRD contracts traded** ytd in 2020 is almost 6.7m, up 26% in comparison to the same period in 2019. This translates to approximately R650 billion value traded ytd (up from R531m in same period last year)
- The **Govi futures** have seen 134% growth over the same period last year with a total amount of R36 billion value traded ytd.
- Bond options activity down -16% from same period last year.
- The **IRD open interest**, indicative of the outstanding risk being traded/hedged, is up 36% on same period last year, with Bond futures up 20%, Bond options up 140% and Govi futures up 146%

## INTEREST RATE DERIVATIVE CONTRACTS

### IRD CONTRACTS TRADED

The number of IRD contracts traded YTD is 26% up from 2019 equivalent period. Large growth was seen in the Bond Futures and Govi futures.

Listed IRD CONTRACTS TRADED							
YTD - Contracts	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	4,810,738	473,440	2,221	7,989	-	-	5,294,388
2020	6,278,138	398,801	5,190	7,820	-	-	6,689,949
<b>Growth</b>	<b>30.5%</b>	<b>-15.8%</b>	<b>133.7%</b>	<b>-2.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>26.4%</b>

### IRD VALUE TRADED

The value traded YTD is 22% higher than 2019 equivalent period a total of R649 billion notional.

IRD VALUE TRADED YTD (Rm)							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	R 474,811	R 552	R 14,479	R 40,703	R 0	R 0	R 530,544
2020	R 584,897	R 640	R 35,571	R 28,449	R 0	R 0	R 649,556
<b>Growth</b>	<b>23.2%</b>	<b>16.0%</b>	<b>145.7%</b>	<b>-30.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>22.4%</b>

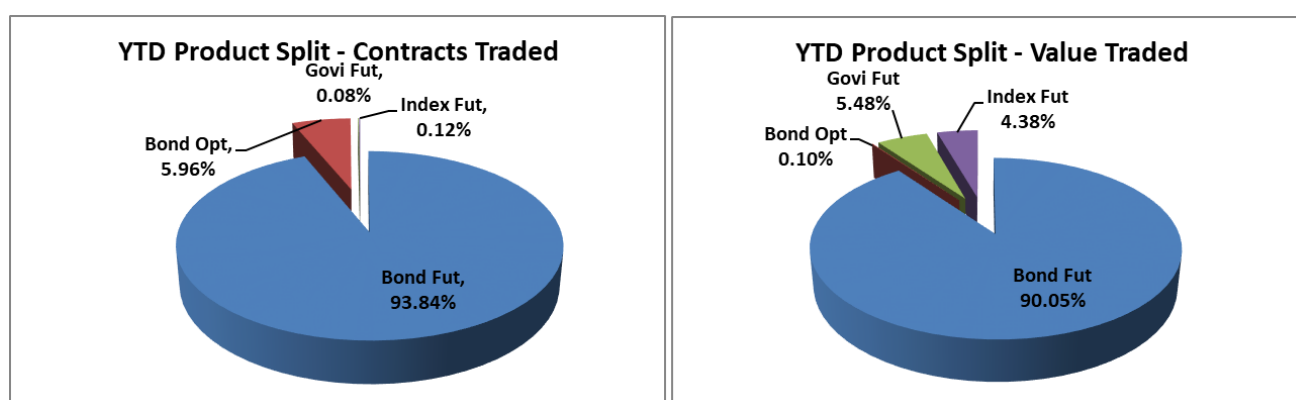
### IRD OPEN INTEREST

The 2020 Open Interest is 36% 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	769,139	114,402	442	2,006	-	51	886,040
2020	923,863	275,374	1,044	1,390	-	51	1,201,722
<b>Growth</b>	<b>20.1%</b>	<b>140.7%</b>	<b>136.2%</b>	<b>-30.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>35.6%</b>

## 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 10% 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 May 2020 (2-mth) close-out period, a total of 3.2 million contracts were traded, 28% 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	3,218,688	-15.3%	27.8%
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 31% higher than equivalent period previous year.

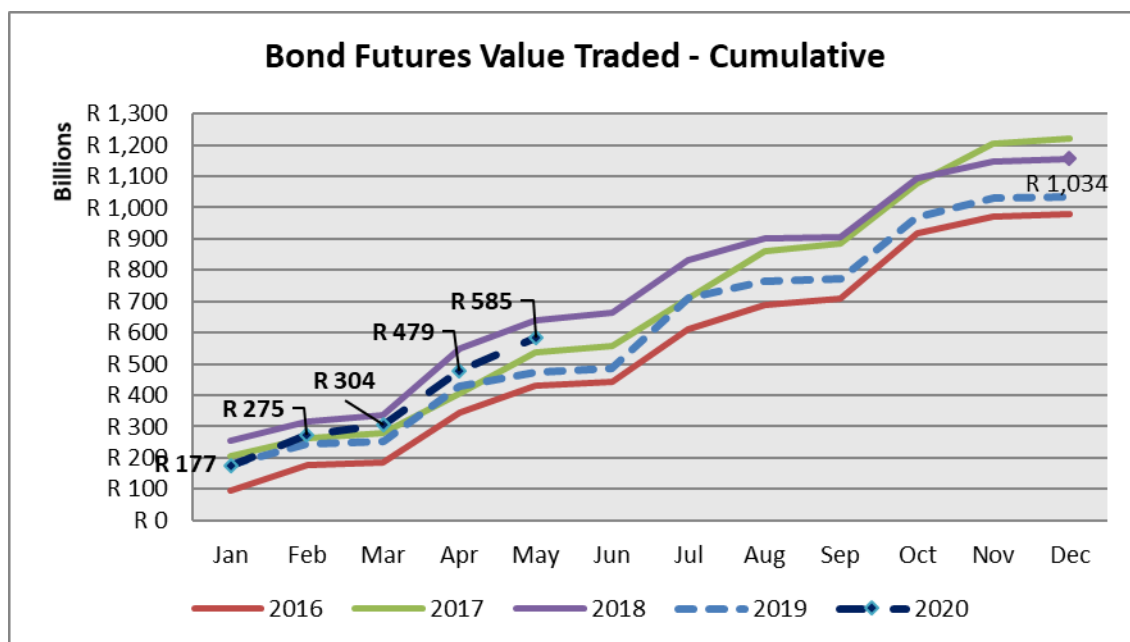


The table below provides a **historical non-cumulative** breakdown in terms of Bond Futures contracts traded per month.

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	337,360	-61.3%	373.9%
Apr	1,490,182	1,168,792	2,071,717	1,778,197	1,984,879	-14.2%	11.6%
May	854,135	1,322,123	868,973	434,577	1,152,932	-50.0%	165.3%
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%	
<b>TOTAL</b>	<b>9,167,378</b>	<b>11,915,116</b>	<b>11,687,870</b>	<b>10,438,477</b>	<b>6,278,138</b>	<b>-10.7%</b>	<b>30.5%</b>

## BOND FUTURES: VALUE TRADED

The graph below highlights the historical cumulative value traded over the past few years. There has been a 23% **increase in value traded** year-to-date compared to value traded in 2019.

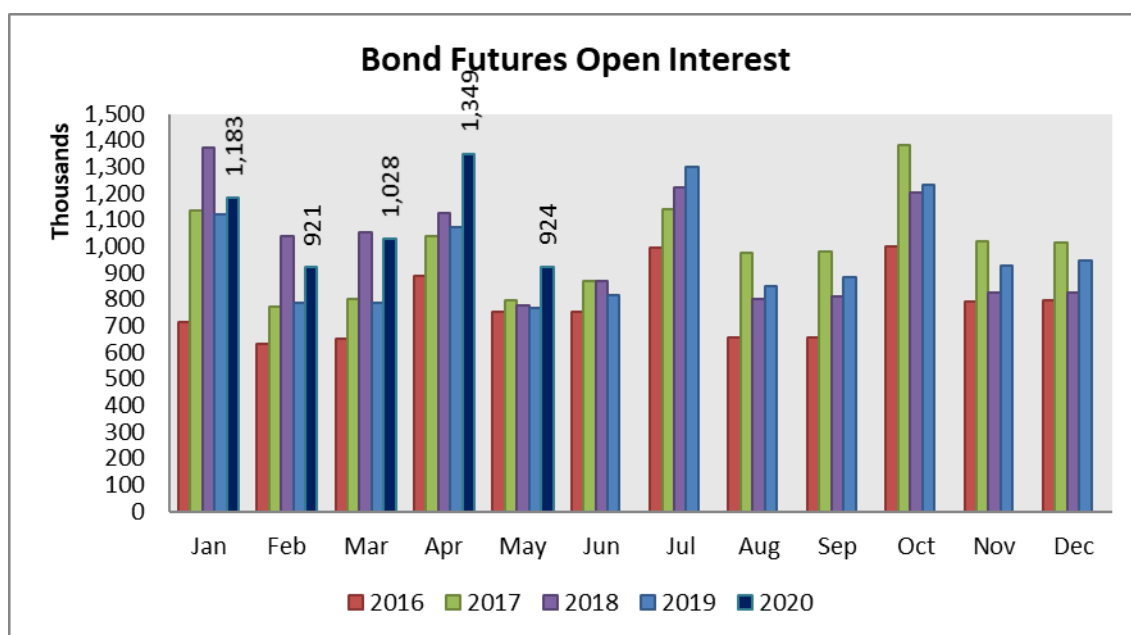


The following table provides a historical **non-cumulative** breakdown in terms of Bond Futures value traded per month.

Bond Futures Value Traded Rm							
Date	2016	2017	2018	2019	2020	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	R 29,570	-60.8%	300.8%
Apr	R 159,522	R 128,361	R 212,944	R 177,545	R 174,397	-16.6%	-1.8%
May	R 87,612	R 131,736	R 91,403	R 44,429	R 106,329	-51.4%	139.3%
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%	
<b>TOTAL</b>	<b>R 980,519</b>	<b>R 1,219,888</b>	<b>R 1,153,345</b>	<b>R 1,034,049</b>	<b>R 584,897</b>	<b>-10.3%</b>	<b>23.2%</b>

## BOND FUTURES: OPEN INTEREST

**Bond Futures Open interest** was 925k contracts as at month end which is 20% more than that at the end of the equivalent month in previous year.

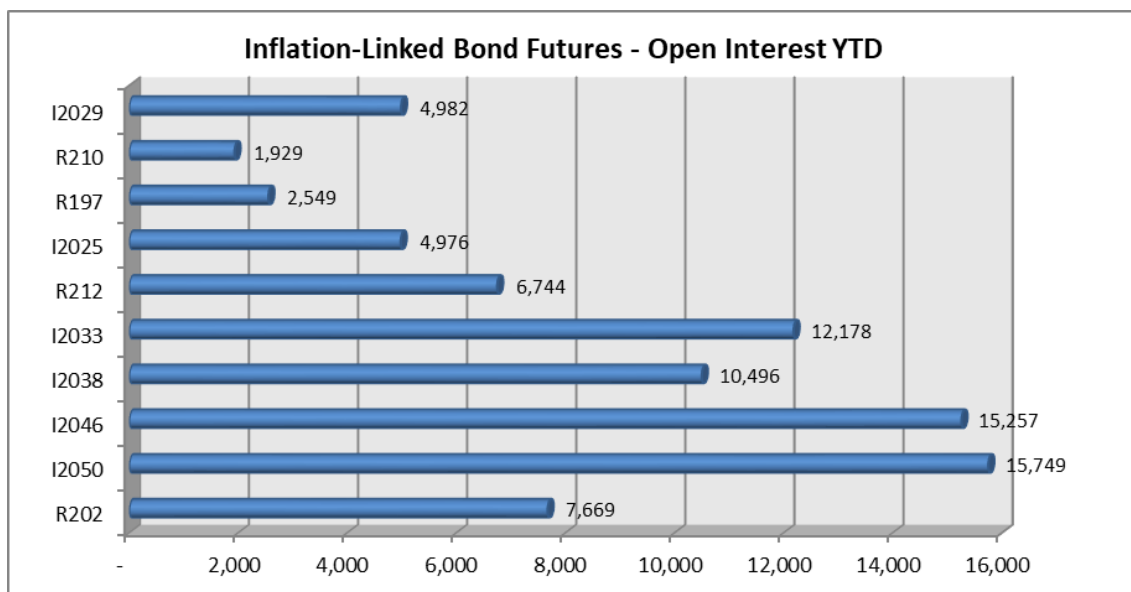
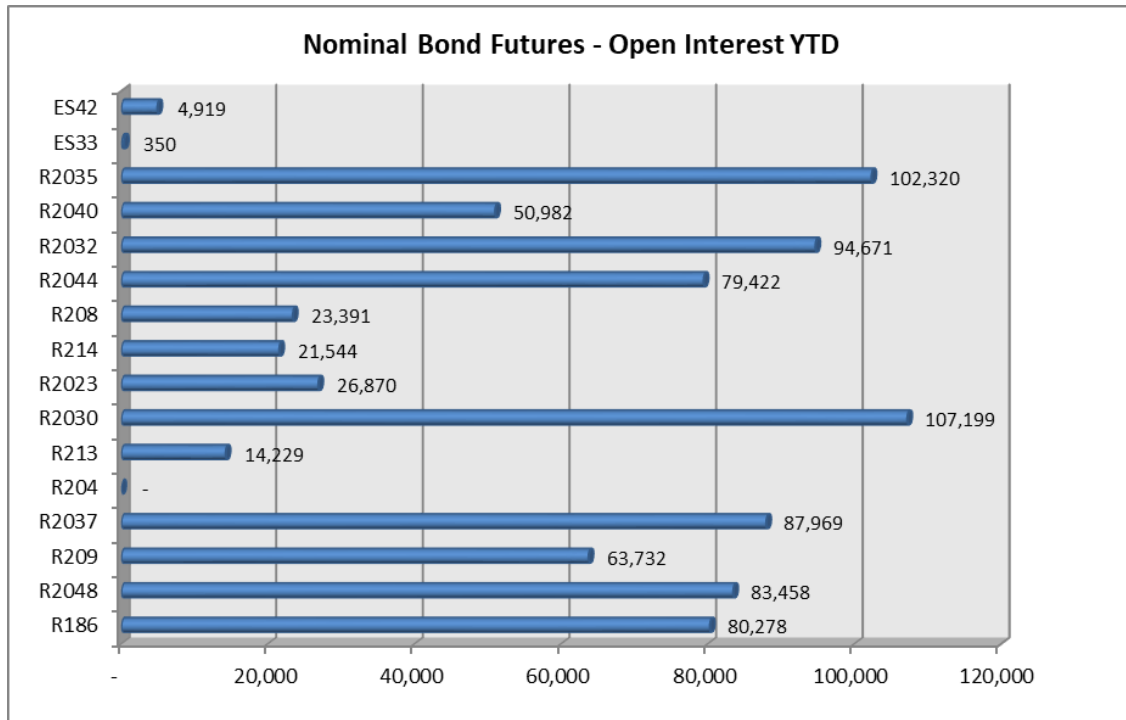


The table provides the total Bond Futures open interest contracts as at the end of each month.

Bond Futures Open Interest							
Date	2016	2017	2018	2019	2020	Chg 19/18	Chg 20/19
Jan	713,913	1,137,425	1,372,543	1,118,795	1,183,158	-18.5%	5.8%
Feb	633,062	770,321	1,037,493	784,852	921,269	-24.4%	17.4%
Mar	650,335	801,800	1,052,470	787,390	1,027,896	-25.2%	30.5%
Apr	890,406	1,037,427	1,126,181	1,073,638	1,349,483	-4.7%	25.7%
May	752,370	794,207	777,714	769,139	923,863	-1.1%	20.1%
Jun	753,049	868,162	870,652	817,539		-6.1%	
Jul	996,943	1,139,985	1,222,141	1,302,006		6.5%	
Aug	655,211	977,327	798,912	849,438		6.3%	
Sep	657,642	981,713	809,221	883,920		9.2%	
Oct	999,507	1,383,649	1,201,141	1,231,132		2.5%	
Nov	793,813	1,020,399	826,316	927,675		12.3%	
Dec	798,552	1,016,463	827,458	944,806		14.2%	

## BOND FUTURES: OPEN INTEREST PER INSTRUMENT

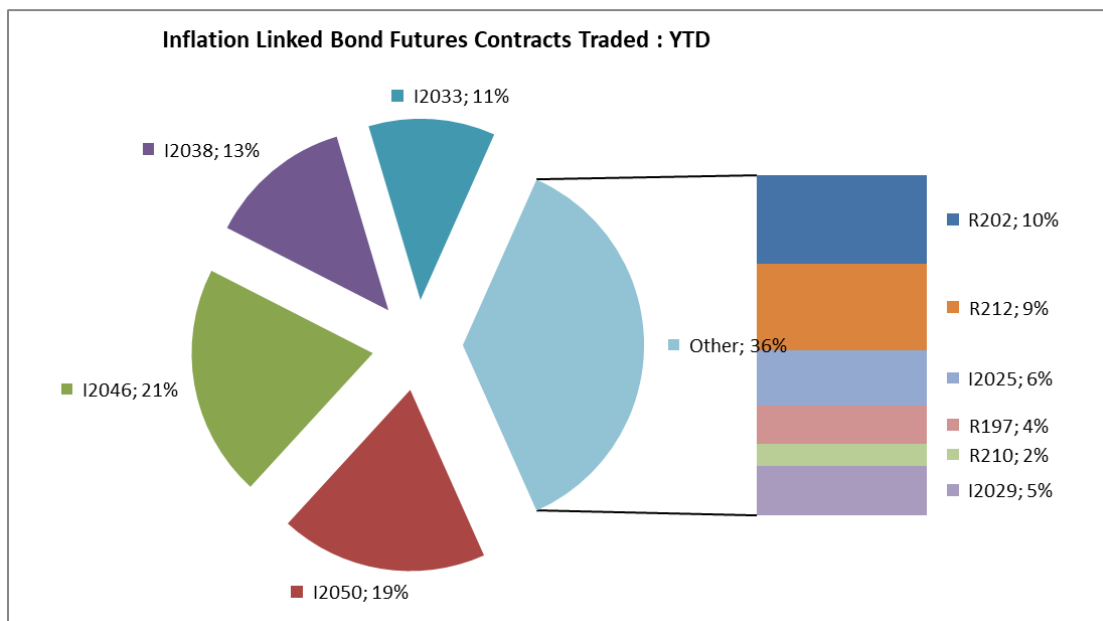
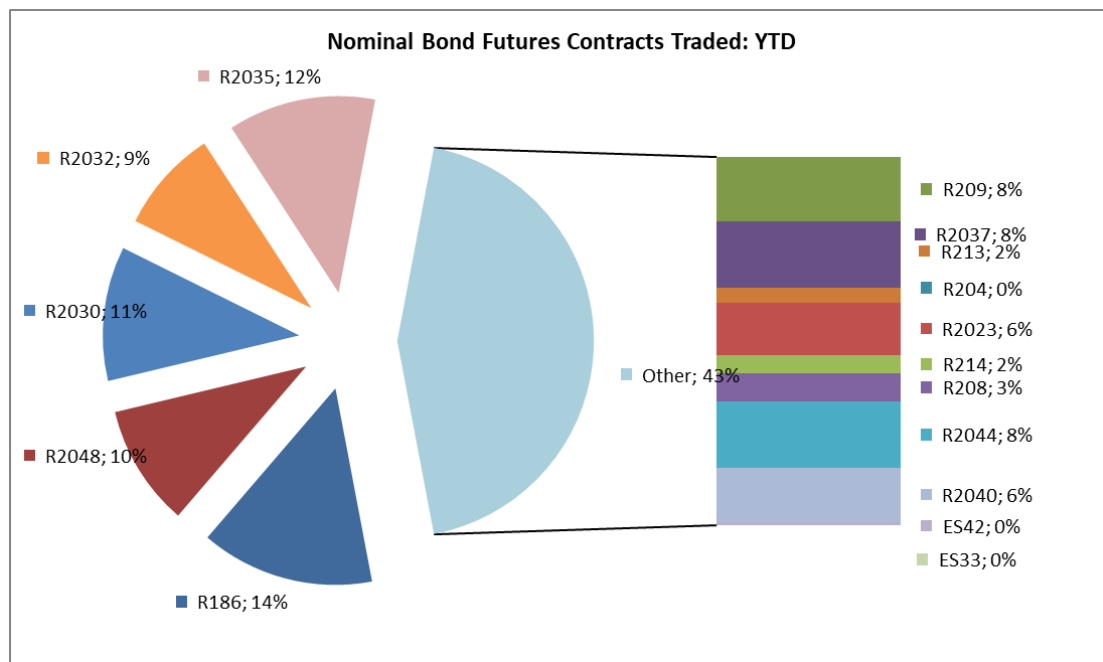
Charts display the open interest for Nominal and Inflation-Linked Bond Futures as at month end. The contract with most open interest is the R2030 and R2035. Total Open Interest is 923k made up of 841k (Nominal) and 83k (inflation-linked).





## SINGLE BOND FUTURE CONTRACTS

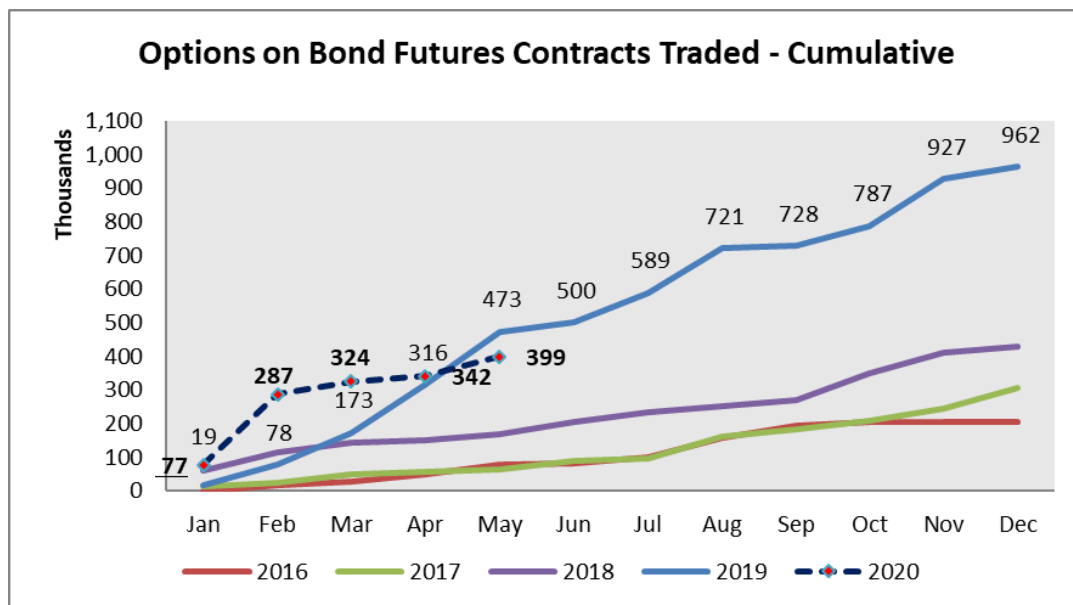
The chart shows all the single Nominal Bond Futures and Inflation Bond Futures traded year to date and ranks them according to number of contracts traded. The percentage split between Nominal / Inflation Bond Futures contracts traded ytd is about 93% / 7%.



## OPTIONS ON BOND FUTURES

### OPTIONS ON BOND FUTURES: CONTRACTS TRADED YTD

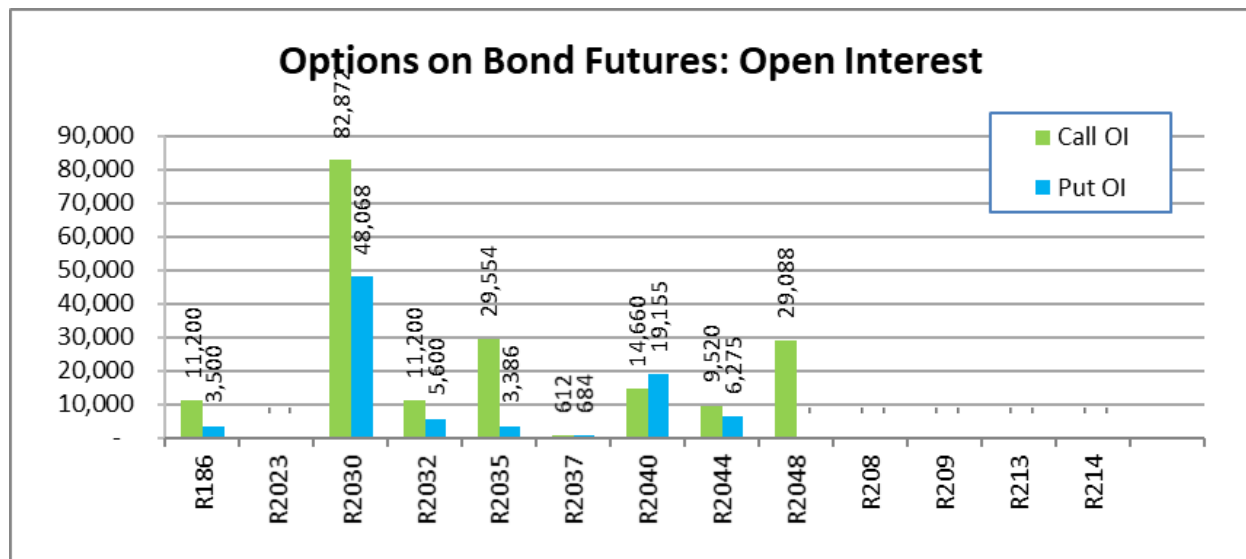
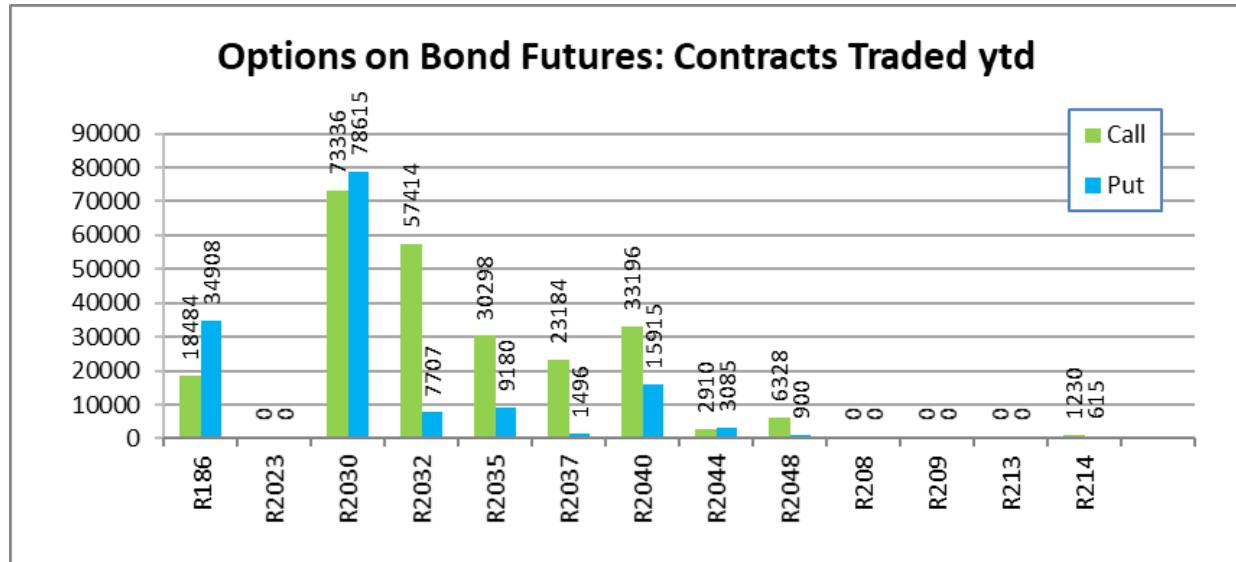
The contracts traded year-to-date was down 16% on the equivalent period in previous year.



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	36,940	230.5%	-61.2%
Apr	22,435	5,400	5,558	143,016	17,731	2473.2%	-87.6%
May	29,048	8,862	20,150	157,005	56,719	679.2%	-63.9%
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%	
<b>TOTAL</b>	<b>205,539</b>	<b>307,322</b>	<b>428,713</b>	<b>961,911</b>	<b>398,801</b>	<b>124.4%</b>	<b>-15.8%</b>

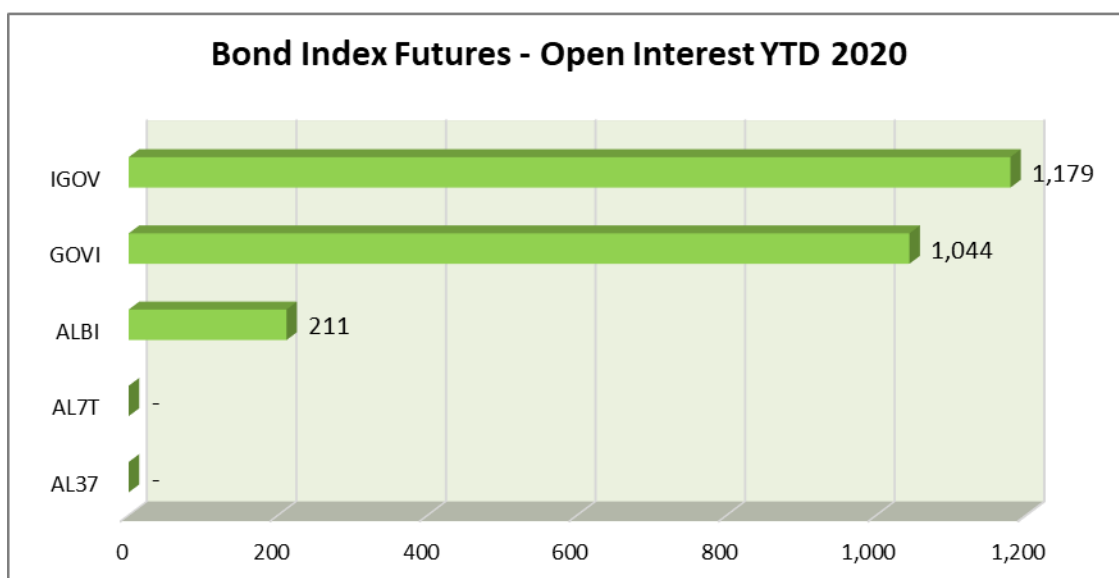
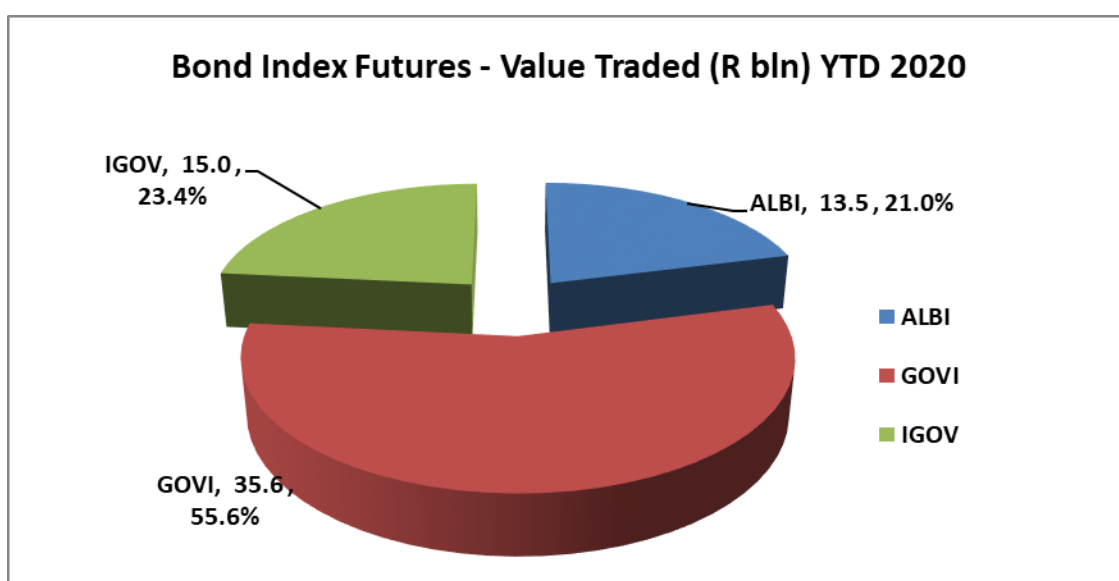
## OPTIONS ON BOND FUTURES: CONTRACTS TRADED AND OPEN INTEREST



## 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 56% of trade by value and 43% of open interest contracts.



For any queries, please contact [irc@jse.co.za](mailto:irc@jse.co.za).