

JSE

INTEREST RATE DERIVATIVES

MONTHLY VIEW

June 2020

Compiled by the IRC team

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HIGHLIGHTS

- The total **IRD contracts traded** ytd in 2020 is 6.9m, up 26% in comparison to the same period in 2019. This translates to approximately R650 billion value traded ytd (up from R542m in same period last year)
- The **Govi futures** have seen 135% growth over the same period last year with a total amount of R36 billion value traded ytd.
- Bond options contracts traded down -10% from same period last year but contracts being held longer as open interest is up +137%.
- The **IRD open interest**, indicative of the outstanding risk being traded/hedged, is up 35% on same period last year, with Bond futures +19%, Bond options +137% and Govi futures +136%

INTEREST RATE DERIVATIVE CONTRACTS

IRD CONTRACTS TRADED

The number of IRD contracts traded YTD is 27% up from 2019 equivalent period, attributable, mainly, to growth 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	4,932,583	499,910	2,232	8,009	-	-	5,442,734
2020	6,465,808	452,217	5,233	8,007	35	-	6,931,300
Growth	31.1%	-9.5%	134.5%	0.0%	0.0%	0.0%	27.3%

IRD VALUE TRADED

The value traded YTD is 23% higher than 2019 equivalent period a total of R668 billion notional.

IRD VALUE TRADED YTD (Rm)							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	R 486,794	R 576	R 14,552	R 40,841	R 0	R 0	R 542,763
2020	R 602,421	R 736	R 35,871	R 28,961	R 1	R 0	R 667,990
Growth	23.8%	27.8%	146.5%	-29.1%	0.0%	0.0%	23.1%

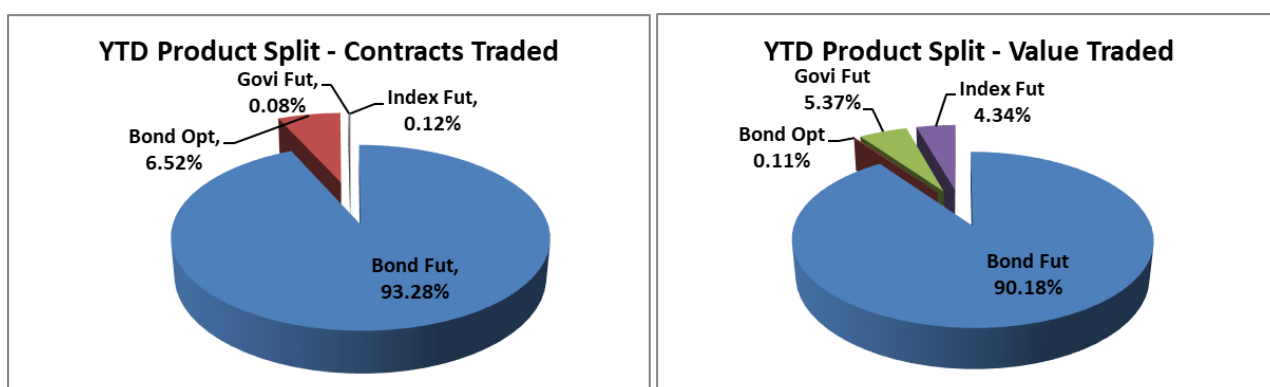
IRD OPEN INTEREST

The 2020 Open Interest is 35% up on the equivalent period last year with growth in Bond futures, options and Govi futures

IRD OPEN INTEREST YTD							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	817,539	125,372	434	2,023	-	51	945,419
2020	971,675	297,589	1,023	1,466	35	51	1,271,839
Growth	18.9%	137.4%	135.7%	-27.5%	0.0%	0.0%	34.5%

IRD PRODUCT SPLIT IN CONTRACTS AND VALUE TRADED

While **GOVI and Index Futures** account for 0.2% of contracts booked in the IRD market but 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.**

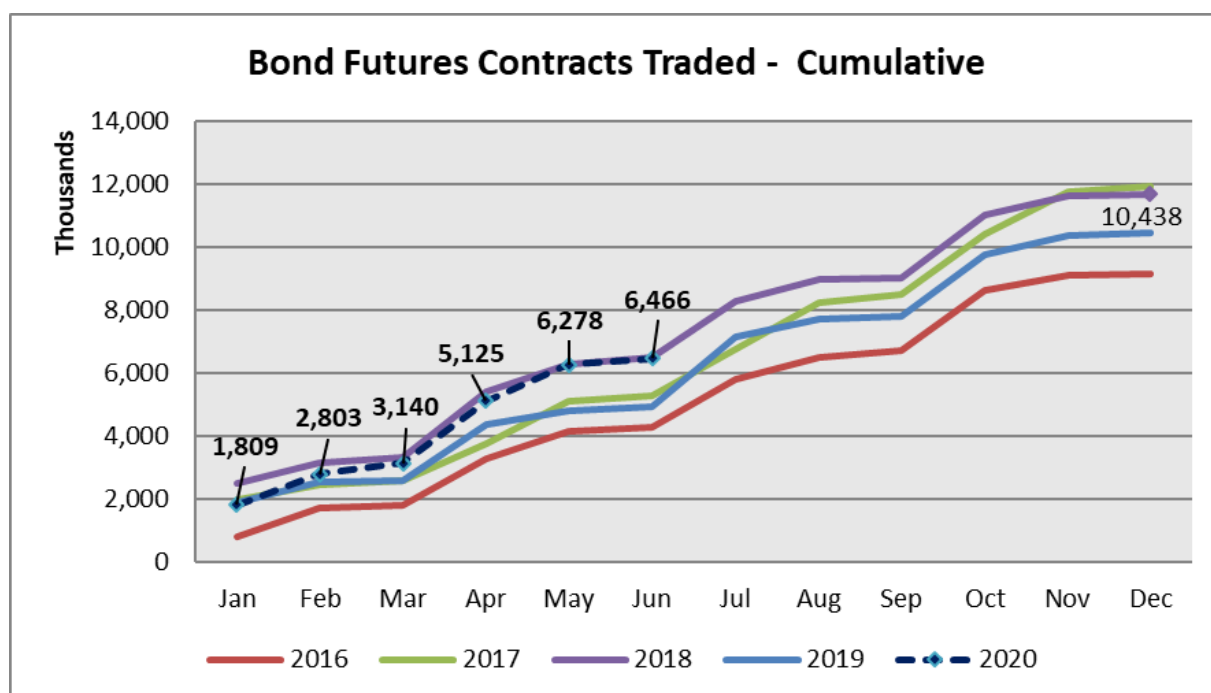
In the May 2020 (2-mth) close-out period, a total of 3.2 million contracts were traded, 28% higher than those traded during the same close-out period in 2019.

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 and tracking overall 2018 volumes closely.

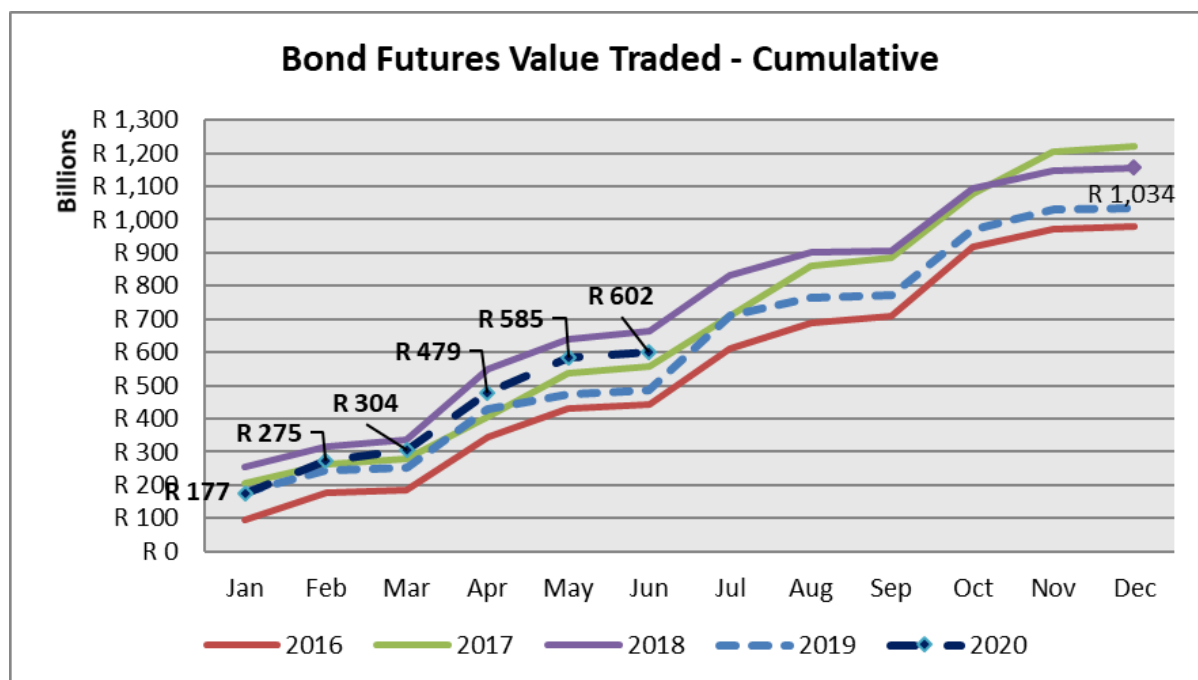


The table below provides a **historical non-cumulative** breakdown in terms of Bond Futures contracts traded per month.

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	187,670	-49.6%	54.0%
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	6,465,808	-10.7%	31.1%

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.

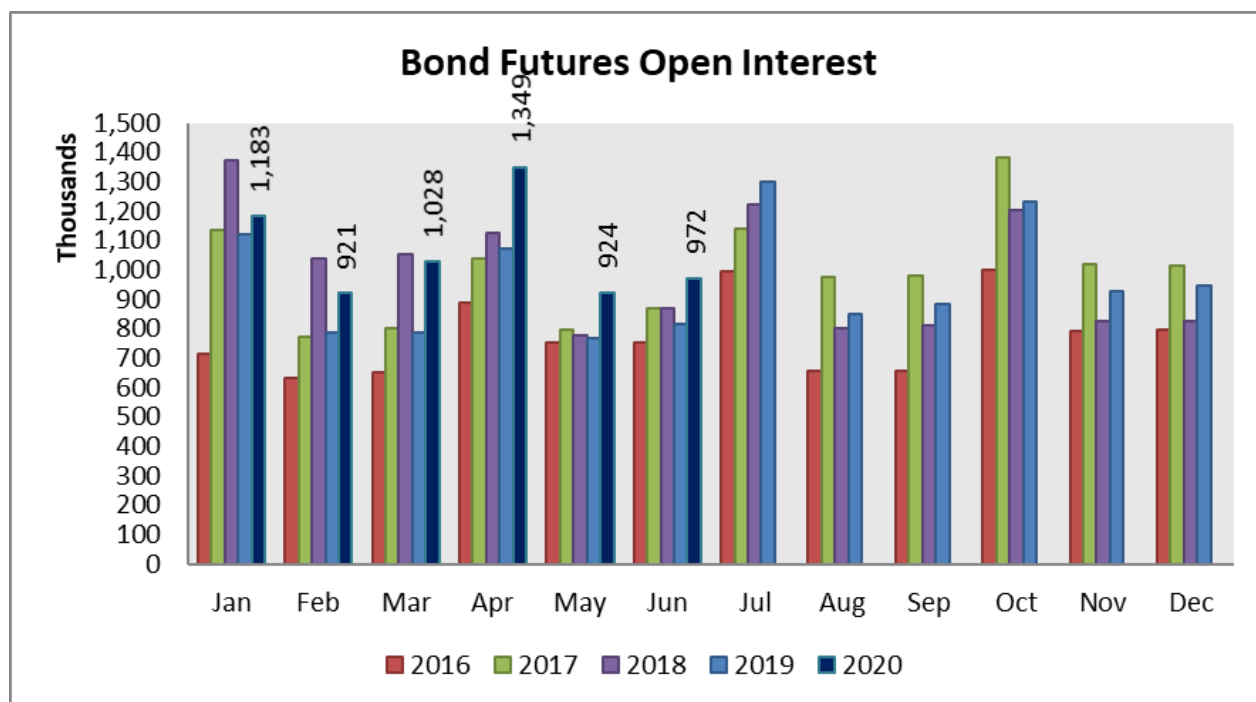


The following table provides a historical **non-cumulative** breakdown in terms of Bond Futures value traded per month.

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	R 17,525	-46.7%	46.2%
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 602,421	-10.3%	23.2%

BOND FUTURES: OPEN INTEREST

Bond Futures Open interest was 971k contracts as at month end which is 19% more than that at the end of the equivalent month in previous year. The past 3 months have seen record high open interest for the same periods.

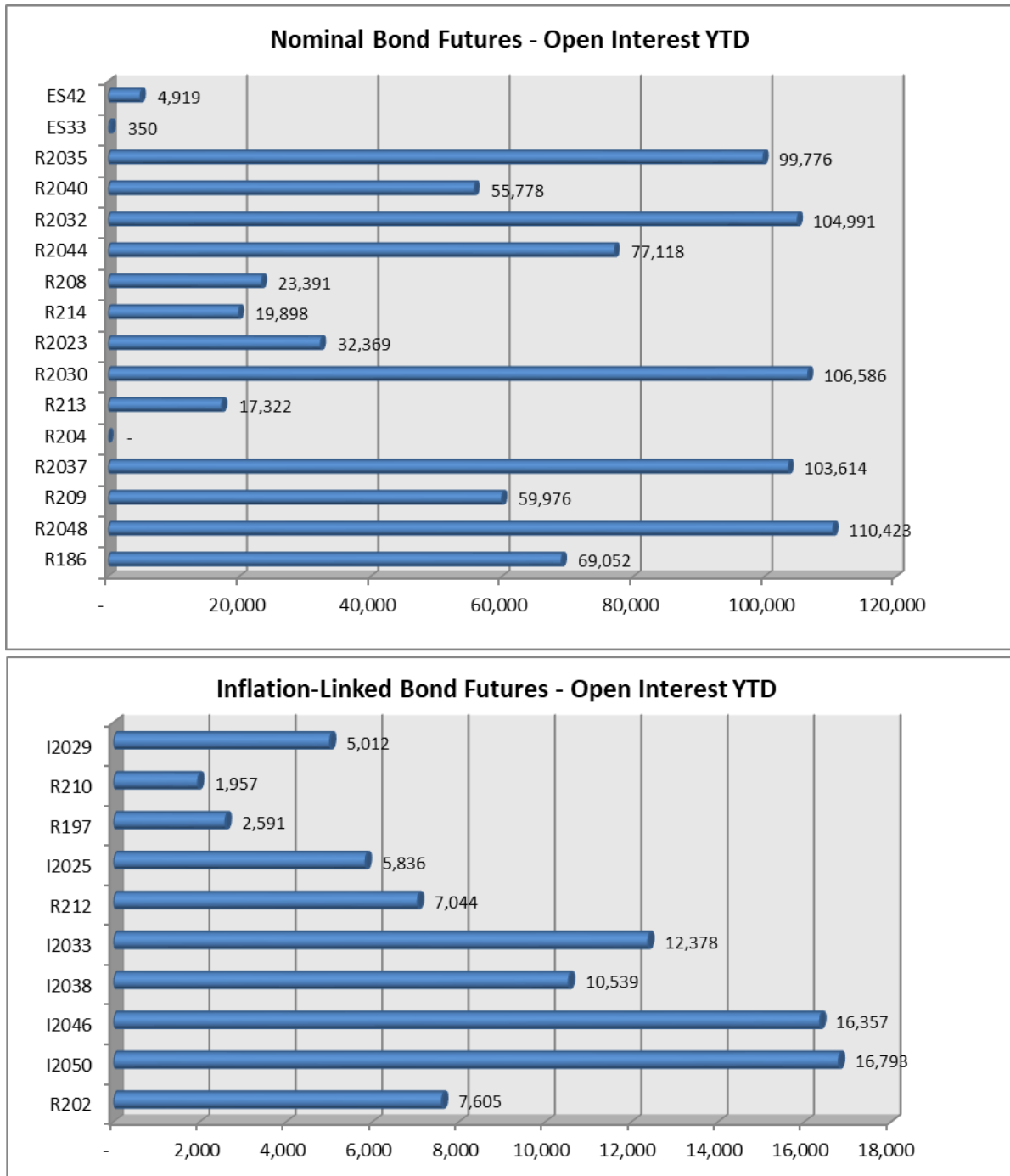


The table provides the total Bond Futures open interest contracts as at the end of each month.

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	971,675	-6.1%	18.9%
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%	

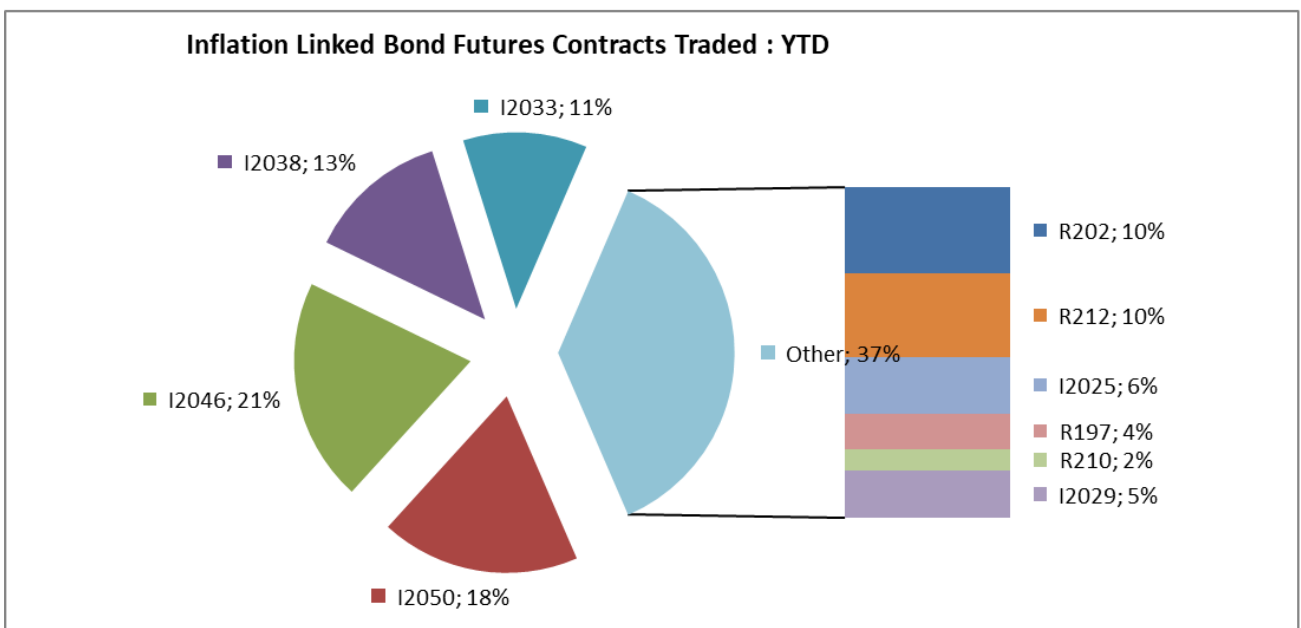
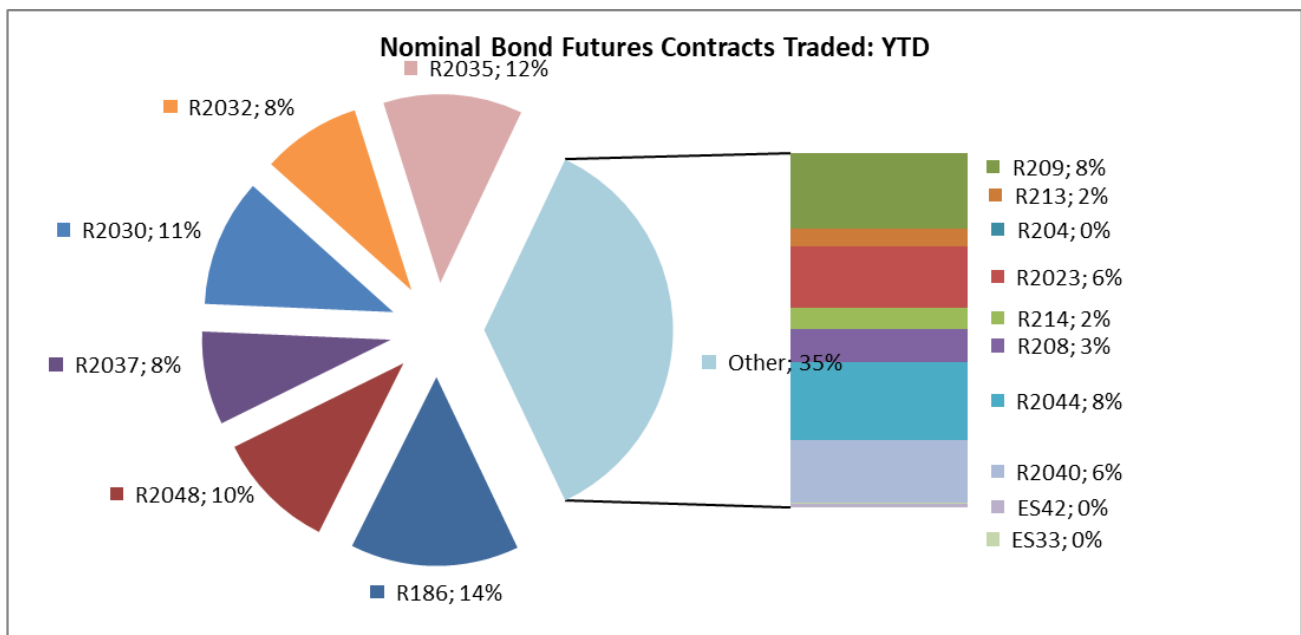
BOND FUTURES: OPEN INTEREST PER INSTRUMENT

Charts display the open interest for Nominal and Inflation-Linked Bond Futures as at month end. The contract with most open interest are R2030, R2032, R2035, R2037 and R2048. Total Open Interest is 972k made up of 885k (Nominal) and 86k (inflation-linked).



SINGLE BOND FUTURE CONTRACTS

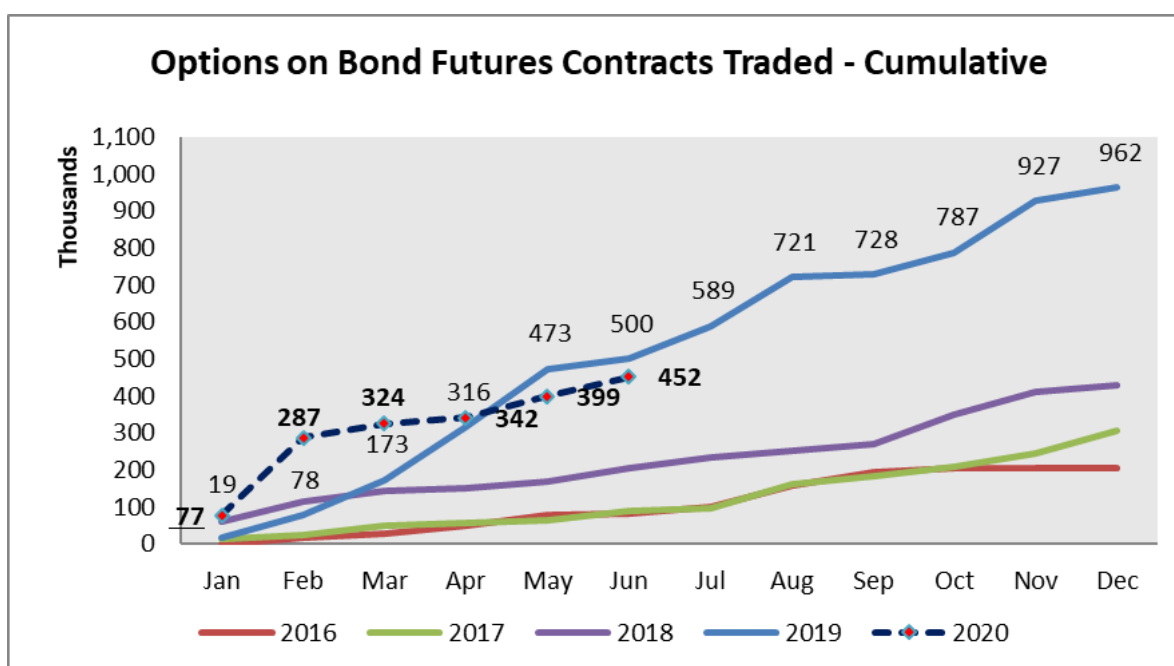
The chart shows all the single Nominal Bond Futures and Inflation Bond Futures traded year to date and ranks them according to number of contracts traded. The percentage split between Nominal / Inflation Bond Futures contracts traded ytd is about 93% / 7%.



OPTIONS ON BOND FUTURES

OPTIONS ON BOND FUTURES: CONTRACTS TRADED YTD

The contracts traded year-to-date was -10% on the equivalent period in previous year.

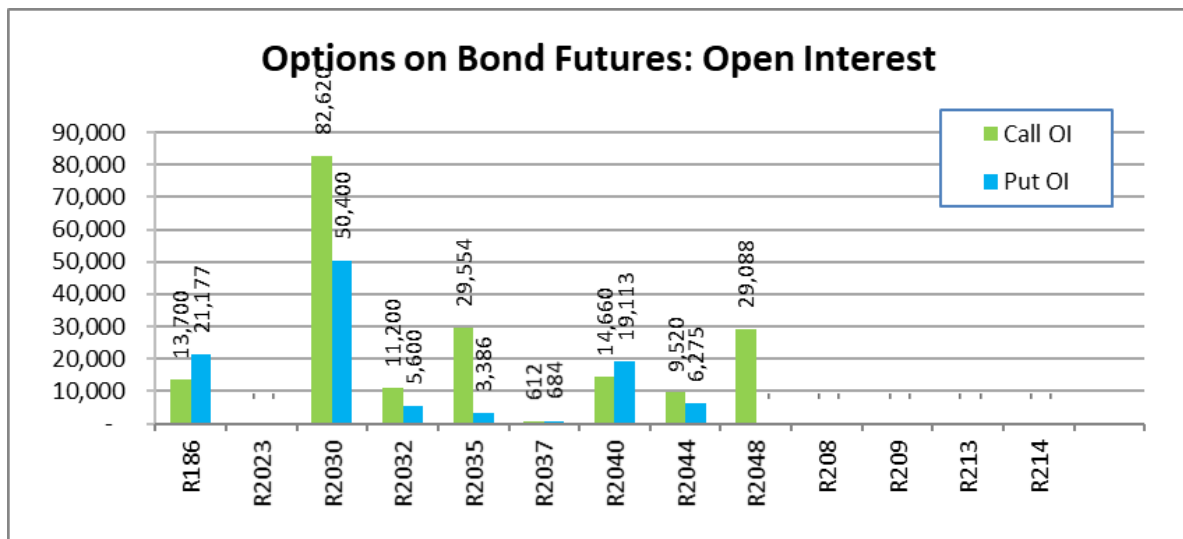
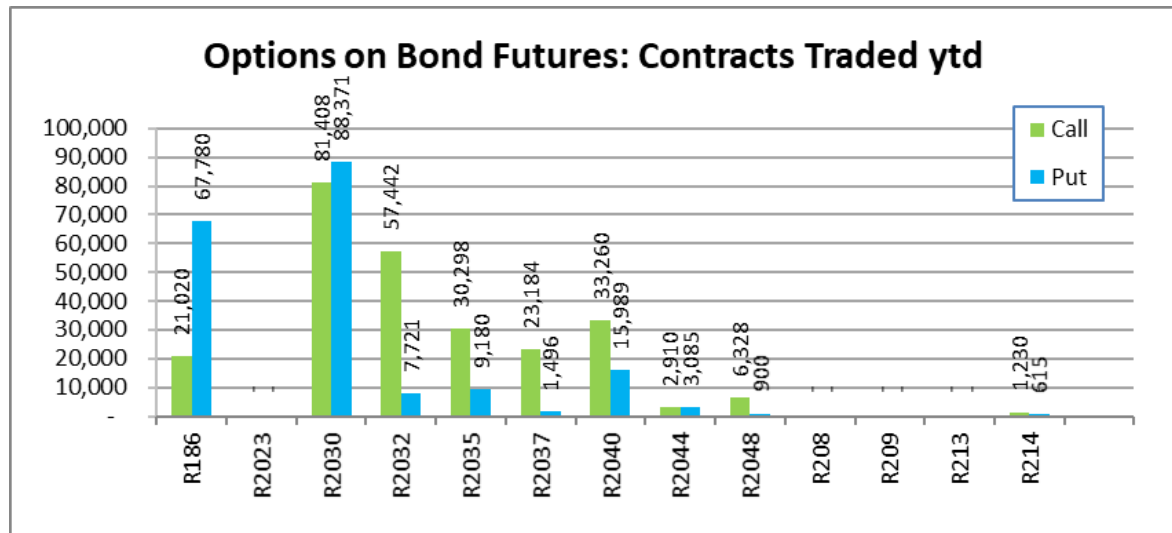


The table below provides a **historical non-cumulative** breakdown in terms of Options on Bond Futures contracts traded per month.

Options on Bond Futures Contracts Traded						
	2016	2017	2018	2019	2020	Growth
Jan	-	14,483	60,405	19,110	77,201	304.0%
Feb	17,536	25,898	115,382	78,143	287,411	267.8%
Mar	26,348	51,436	144,214	173,419	324,351	87.0%
Apr	48,783	56,836	149,772	316,435	342,082	8.1%
May	77,831	65,698	169,922	473,440	398,801	-15.8%
Jun	83,606	89,018	204,354	499,910	452,217	-9.5%
Jul	101,891	97,037	233,009	588,806		
Aug	156,812	160,919	250,269	720,670		
Sep	193,020	183,474	269,881	728,159		
Oct	205,439	209,868	348,091	786,798		
Nov	205,489	243,904	411,827	927,302		
Dec	205,539	307,322	428,713	961,911		

OPTIONS ON BOND FUTURES: CONTRACTS TRADED AND OPEN INTEREST

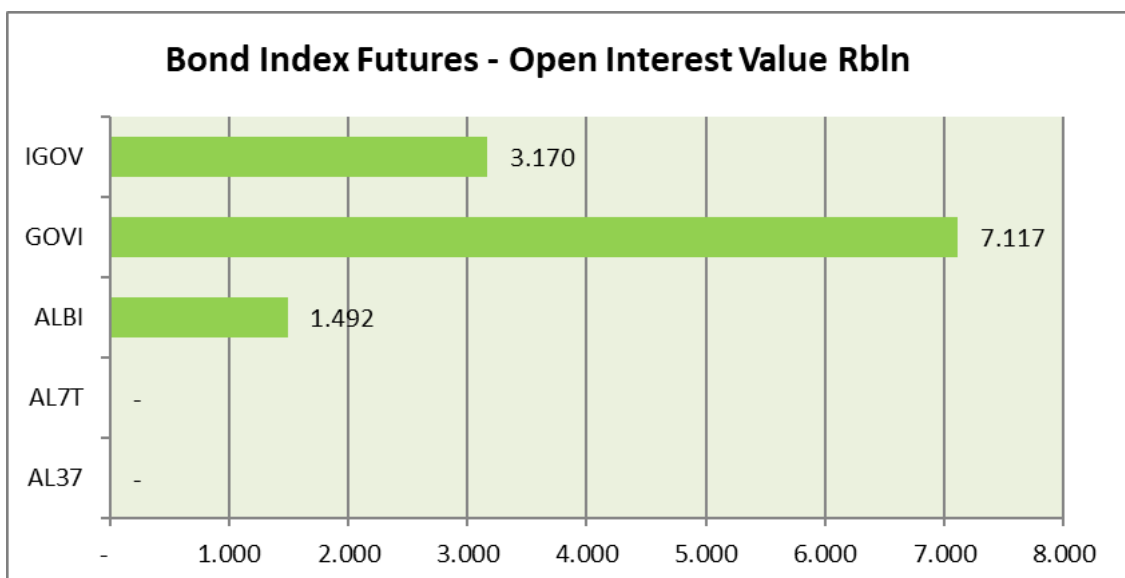
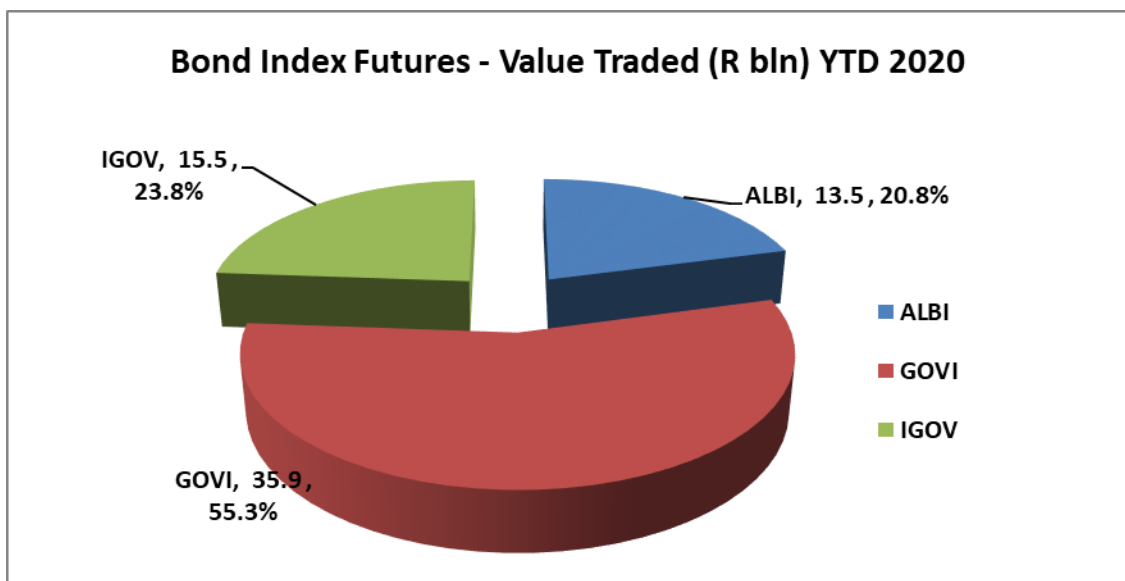
Option contracts traded and open interest showing split between calls and puts.



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 55% of trade by value and 60% of open interest by value.



For any queries, please contact irc@jse.co.za.