

**JSE**  
**INTEREST RATE DERIVATIVES**  
**MONTHLY VIEW**

September 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

- September is normally a quiet month being the month after a close-out. The total **IRD contracts traded** ytd in 2020 is 10m, up 18% in comparison to same period in 2019. This equates to about R963 billion value traded ytd (2019: R854bln)
- The **Govi futures** contracts up 84% over the same period last year; equating to R51bln value traded ytd.
- The **IRD open interest**, indicative of the outstanding risk being traded/hedged, is up 20% on same period last year, dominated by double digit growth in bond futures and options positions
- With the recent re-launch of **Jibar futures**, the market has traded just over 100k contracts with an open interest of 60k, equivalent to a nominal value of R6bln

## INTEREST RATE DERIVATIVE CONTRACTS

### IRD CONTRACTS TRADED

The number of IRD contracts traded YTD is 18% up from 2019 equivalent period, attributable to double digit growth in the Bond Futures, Govi futures and more recently Jibar futures.

Listed IRD CONTRACTS TRADED							
YTD - Contracts	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	7,800,284	728,159	4,006	11,994	-	-	8,544,443
2020	9,367,813	569,101	7,373	11,618	110,085	-	10,065,990
<b>Growth</b>	<b>20.1%</b>	<b>-21.8%</b>	<b>84.0%</b>	<b>-3.1%</b>	<b>-</b>	<b>0.0%</b>	<b>17.8%</b>

### IRD VALUE TRADED

The value traded YTD is 12% higher than 2019 equivalent period a total of R963 billion notional.

IRD VALUE TRADED YTD (Rm)							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	R 774,272	R 955	R 26,855	R 59,474	R 0	R 0	R 861,557
2020	R 867,362	R 1,058	R 50,939	R 41,738	R 2,654	R 0	R 963,751
<b>Growth</b>	<b>12.0%</b>	<b>10.8%</b>	<b>89.7%</b>	<b>-29.8%</b>	<b>-</b>	<b>0.0%</b>	<b>11.9%</b>

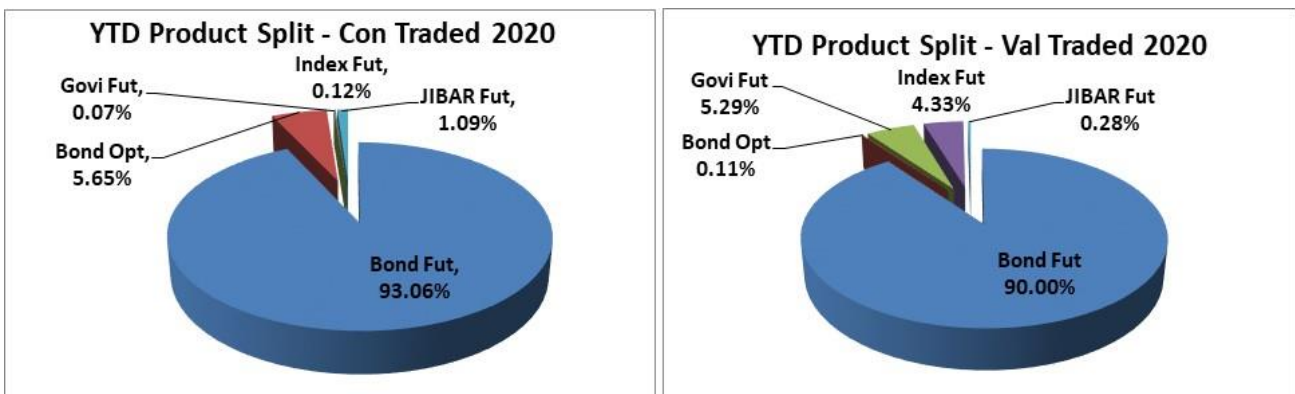
### IRD OPEN INTEREST

The 2020 Open Interest is 16% up on the equivalent period last year, mainly on the back of bond futures and options outstanding contracts

IRD OPEN INTEREST YTD							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	883,920	207,671	1,199	1,410	-	51	1,094,251
2020	969,022	236,877	1,009	1,427	60,010	51	1,268,396
<b>Growth</b>	<b>9.6%</b>	<b>14.1%</b>	<b>-15.8%</b>	<b>1.2%</b>	<b>-</b>	<b>0.0%</b>	<b>15.9%</b>

### 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. The Jibar futures making a small dent at 1% of contracts.



### 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, **seasonal volumes** can be represented by adding together the **volumes for the active close-out month and the preceding month as a 2-month close-out period**.

August 2020 (2-mth) close-out period, saw a total of 3.04 million contracts traded, 1% 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	3,039,576	18.8%	1.0%
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 20% higher than equivalent period previous year and tracking (slightly higher than) 2018 volumes for the best cumulative volume for past 5 years.

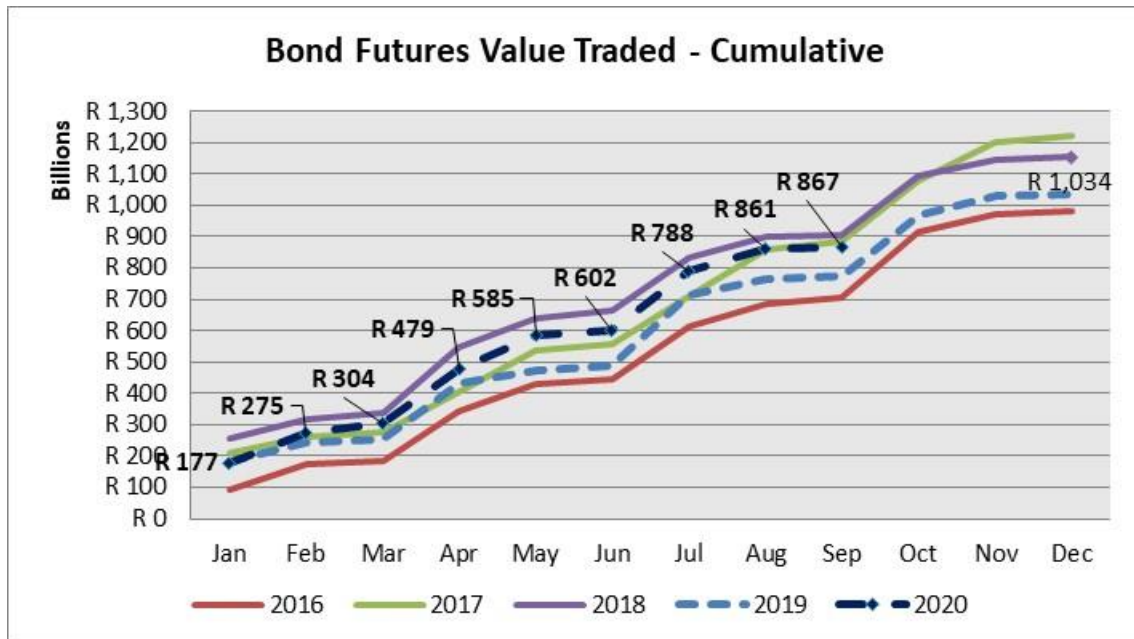


The table below provides a **historical non-cumulative** breakdown in terms of Bond Futures contracts traded per month.

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	2,022,009	26.1%	-9.4%
Aug	691,788	1,497,690	706,275	550,331	820,119	-22.1%	49.0%
Sep	207,021	235,816	53,904	85,331	59,877	58.3%	-29.8%
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>9,367,813</b>	<b>-10.7%</b>	<b>20.1%</b>

### 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.

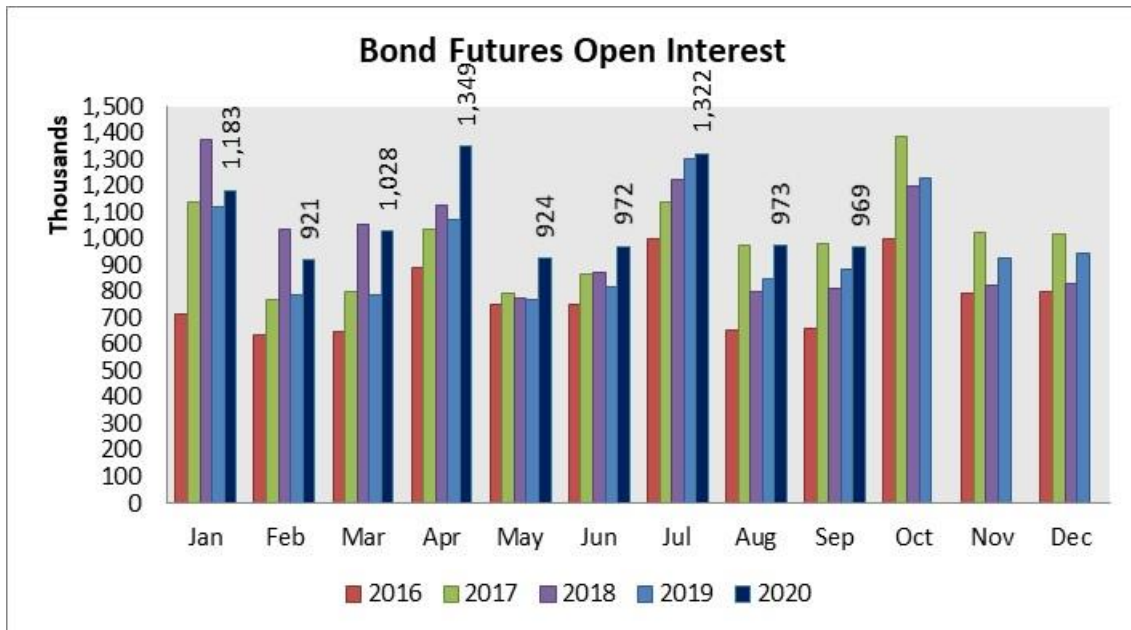


The following table provides a historical **non-cumulative** breakdown in terms of Bond Futures value traded per month.

Bond Futures Value Traded Rm							
Date	2016	2017	2018	2019	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	R 185,667	32.6%	-17.8%
Aug	R 75,809	R 152,914	R 68,472	R 53,410	R 73,391	-22.0%	37.4%
Sep	R 20,266	R 24,072	R 5,123	R 8,239	R 5,882	60.8%	-28.6%
Oct	R 210,332	R 191,314	R 185,855	R 194,759	R 0	4.8%	
Nov	R 55,648	R 126,095	R 54,306	R 59,502	R 0	9.6%	
Dec	R 7,458	R 17,391	R 6,458	R 5,516	R 0	-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 867,362</b>	<b>-10.3%</b>	<b>12.0%</b>

### BOND FUTURES: OPEN INTEREST

**Bond Futures Open interest** was 969k contracts as at month end which is 10% more than that at the end of the equivalent month in previous year. The period April-July has seen record high open interest, while August and September was just below the record high.

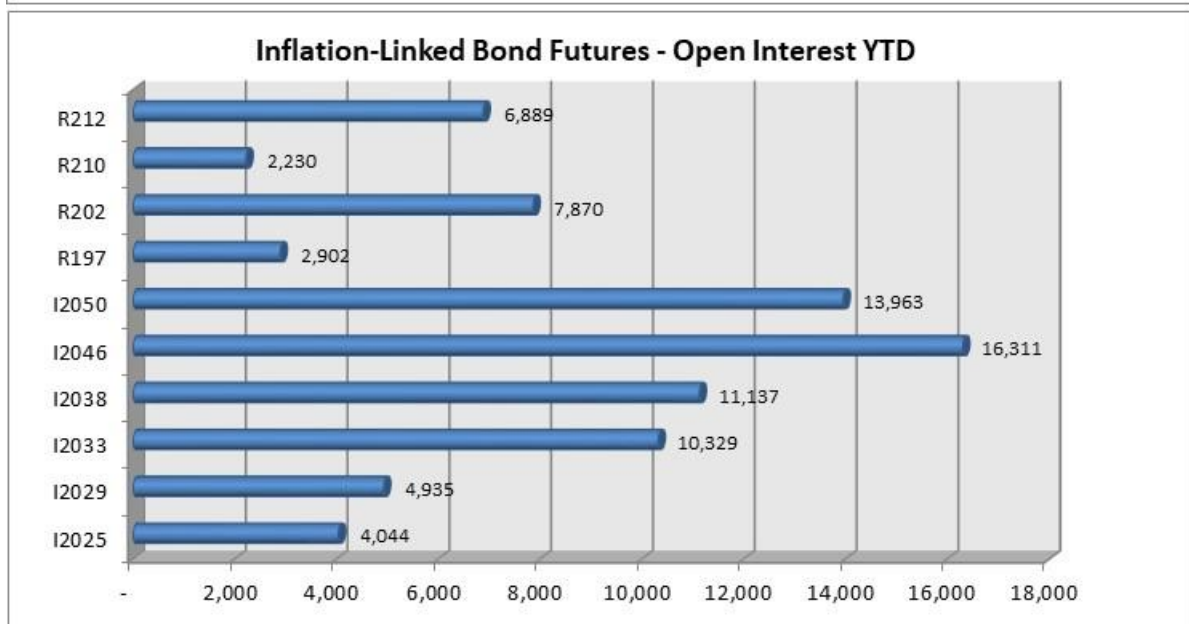
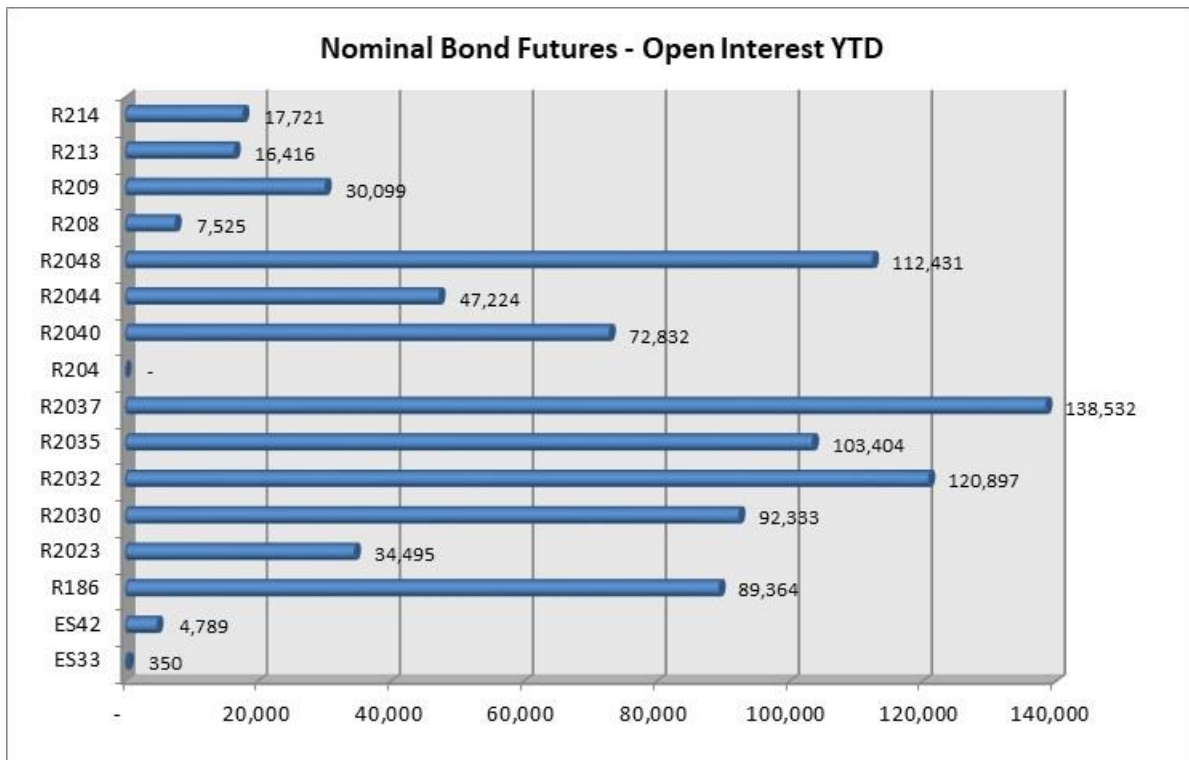


The table provides the total Bond Futures open interest contracts as at the end of each month.

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	1,321,763	6.5%	1.5%
Aug	655,211	977,327	798,912	849,438	973,254	6.3%	14.6%
Sep	657,642	981,713	809,221	883,920	969,022	9.2%	9.6%
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

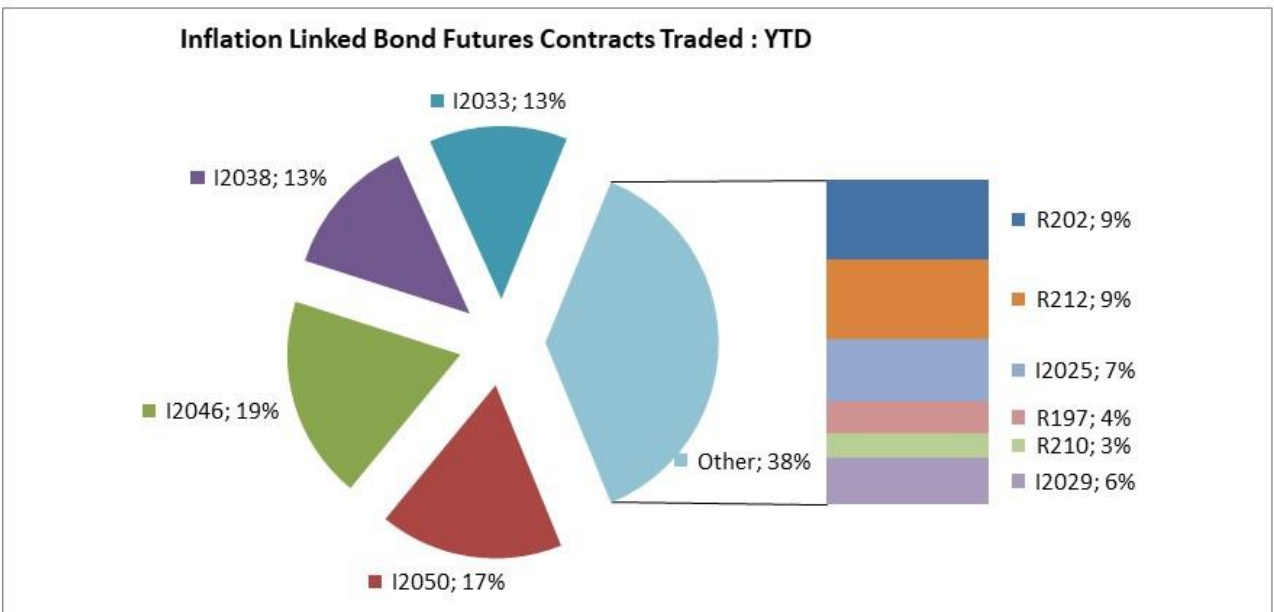
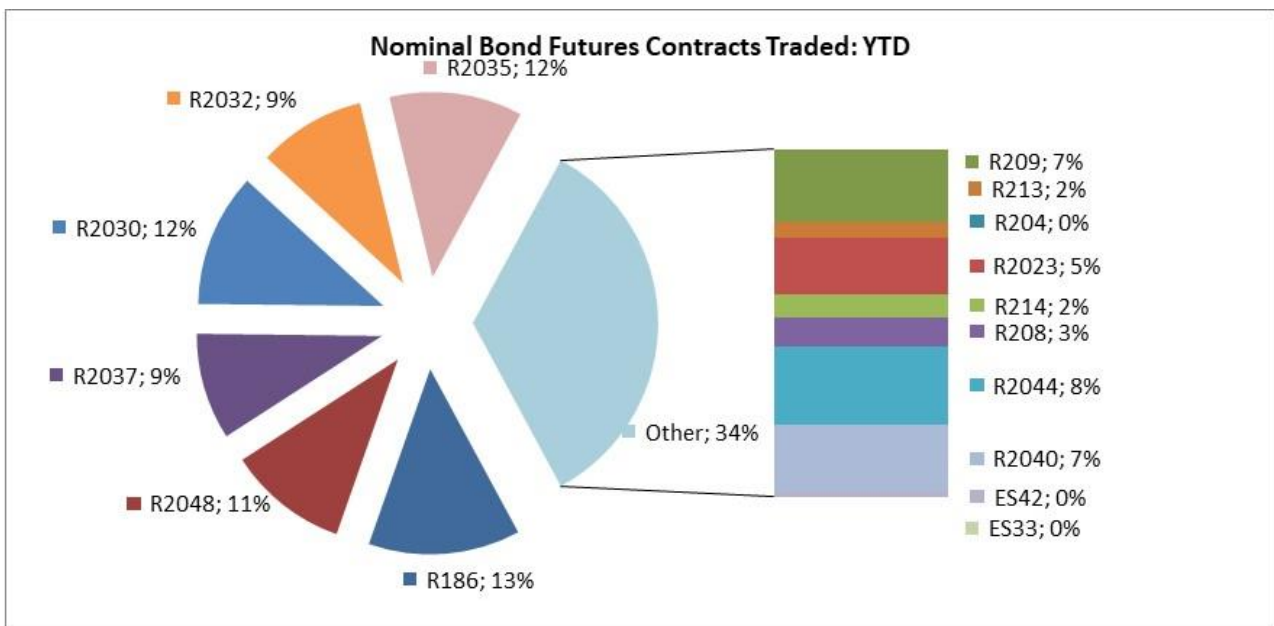
The open interest is spread fairly evenly across many contracts with largest open positions in the R2032, R2037 and R2048. Total Open Interest is 969k made up of 888k (Nominal) and 810k (inflation-linked).





### SINGLE BOND FUTURE CONTRACTS

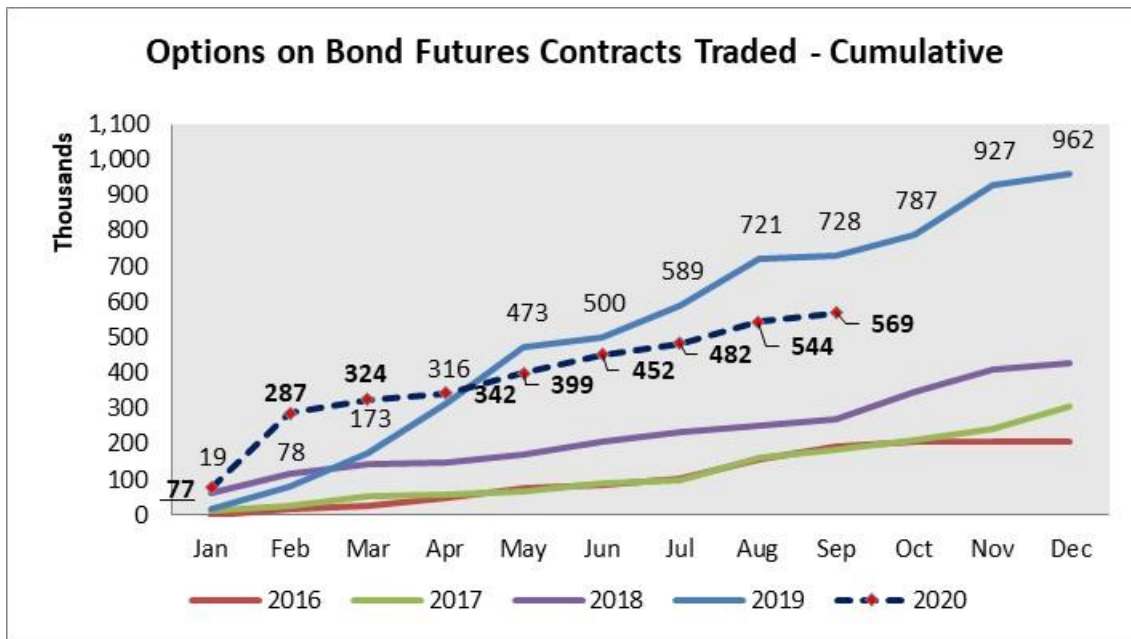
The chart shows all the single Nominal Bond Futures and Inflation Bond Futures traded year to date and ranks them according to number of contracts traded. The percentage split between Nominal / Inflation Bond Futures contracts traded ytd is about 93% / 7%.



**OPTIONS ON BOND FUTURES**

**OPTIONS ON BOND FUTURES: CONTRACTS TRADED YTD**

The contracts traded year-to-date was down -22% on the equivalent period in previous year.

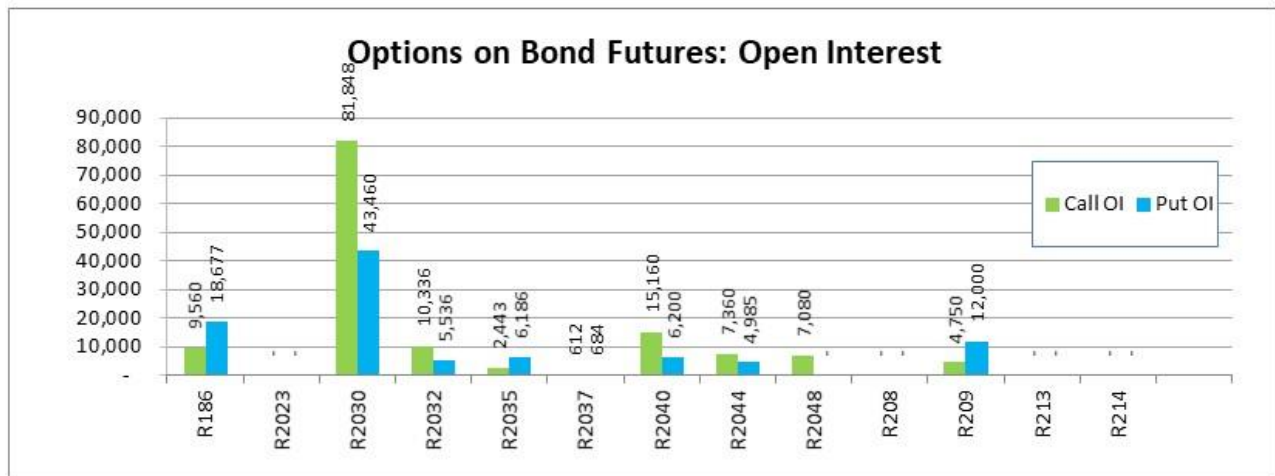
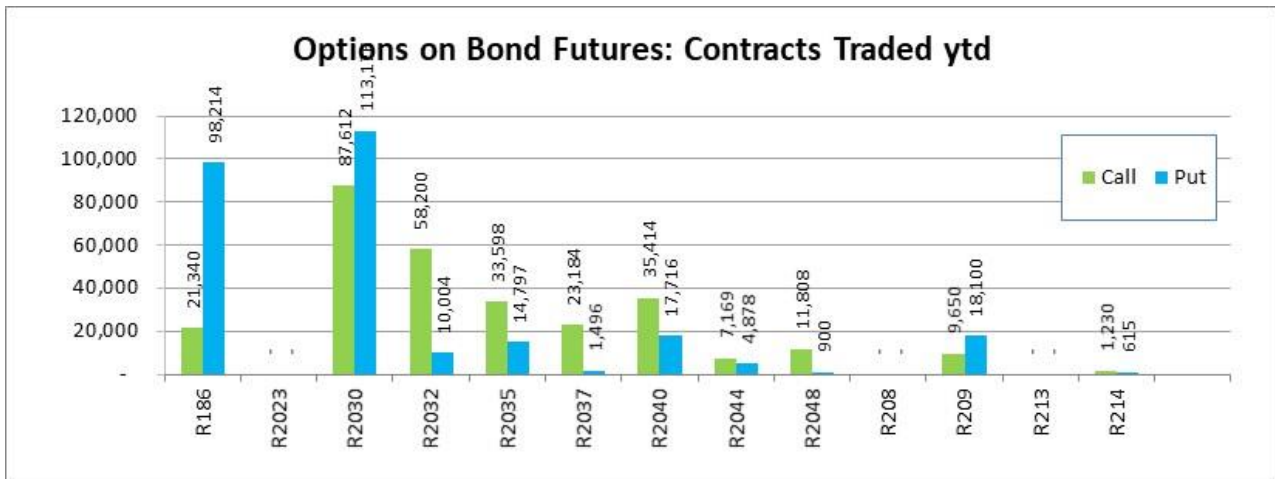


The table below provides a **historical non-cumulative** breakdown in terms of Options on Bond Futures contracts traded per month.

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	53,416	-23.1%	101.8%
Jul	18,285	8,019	28,655	88,896	30,101	210.2%	-66.1%
Aug	54,921	63,882	17,260	131,864	61,600	664.0%	-53.3%
Sep	36,208	22,555	19,612	7,489	25,183	-61.8%	236.3%
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>569,101</b>	<b>124.4%</b>	<b>-21.8%</b>

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

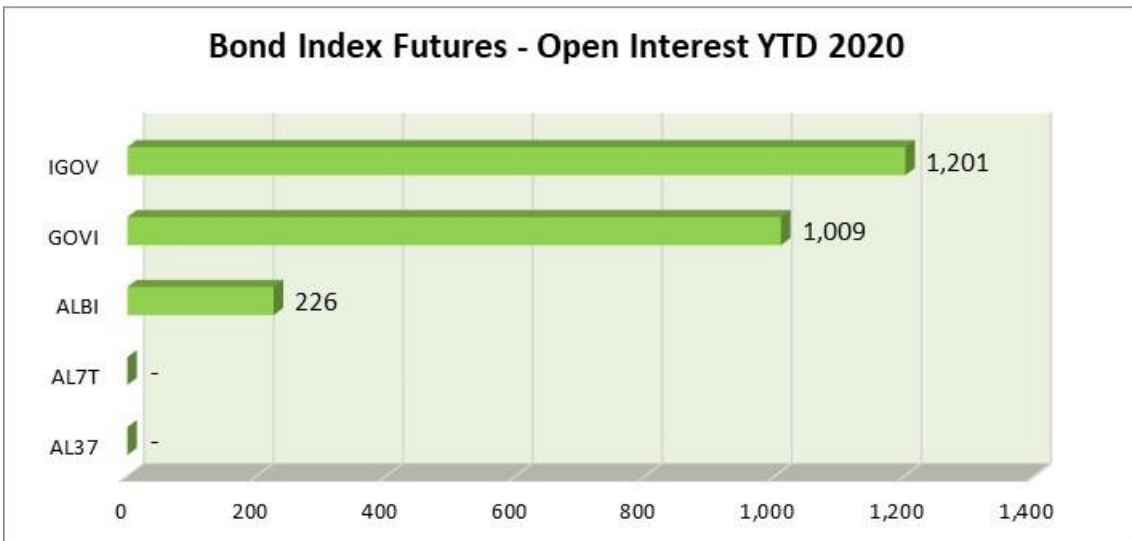
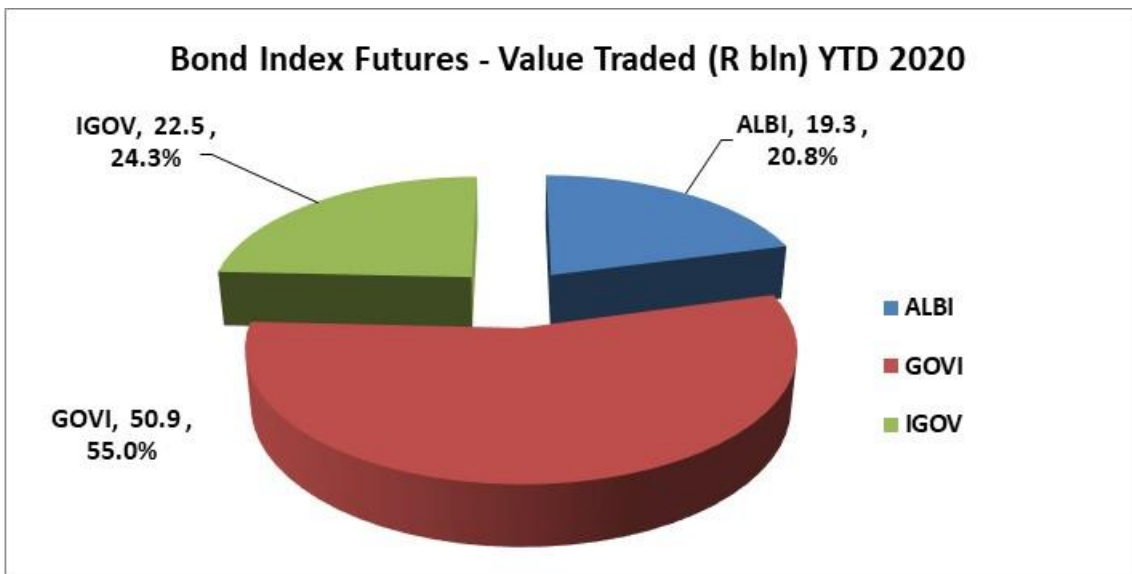
Option contracts traded and open interest showing split between calls and puts. The dominant option contract is the R2030 in terms of trading and open interest.



**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 55% of the bond index value traded.



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