

JSE
INTEREST RATE DERIVATIVES
MONTHLY VIEW

May 2021

Compiled by the IRC team

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HIGHLIGHTS

- Activity in the 2021 year has been lower than the equivalent period in 2020. The total **IRD contracts traded** (6.1mln) is down 8% compared to previous year. Recall that 2020 H1 was particularly volatile with SA sovereign downgrades and WGBI bond exclusions driving activity
- **Bond futures** activity is mixed with contracts 8% down while open interest is 7% up.
- **Bond options activity** is lower at 28% down from a buoyant 2020 but the past 3 months have seen a recovery in volumes. The open interest represents positions on R28.5 bln underlying nominal value
- The **IRD open interest**, indicative of the outstanding risk being traded/hedged, is down 6% in contrast to the higher bond futures open interest
- The **Govi and Bond Index Futures value traded** was R52bln ytd, down 19% from previous year
- The **Jibar futures** saw 80k contracts traded in the first 2 months
- **In summary, after the May close-out, overall derivative trading activity remains about 8% lower than the previous year. The bond options activity has been higher over the past 3 months but is still below last year ytd (-28%). Bond index value traded is 19% lower.**

MONTHLY CONTRACTS AND OPEN INTEREST SNAPSHOT

Monthly Snapshot Contracts Traded 2021								
	Bond Futures	Calls	Puts	Govi Futures	Index Futures	Jibar Futures	Swap Futures	Total
2021.01	2,064,147	21,004	17,677	1,941	2,888	40,001	-	2,147,658
2021.02	647,370	24,856	21,684	101	582	40,470	-	735,063
2021.03	127,022	21,895	15,812	29	60	400	-	165,218
2021.04	1,995,098	13,289	27,516	1,517	1,720	-	-	2,039,140
2021.05	920,233	13,899	108,021	87	753	-	-	1,042,993
Grand Total	5,753,870	94,943	190,710	3,675	6,003	80,871	-	6,130,072

Monthly Snapshot Open Interest 2021								
	Bond Futures	Calls	Puts	Govi Futures	Index Futures	Jibar Futures	Swap Futures	Total
2021.01	1,368,771	54,416	117,177	977	1,365	50,001	51	1,592,758
2021.02	1,012,584	45,247	96,085	975	1,212	30,471	51	1,186,625
2021.03	1,043,823	52,181	103,536	1,001	1,196	30,471	51	1,232,259
2021.04	1,493,709	61,680	114,125	1,003	1,270	30,471	51	1,702,309
2021.05	989,485	31,963	76,593	987	726	30,471	51	1,130,276
Grand Total	4,918,887	213,524	430,923	3,956	5,043	141,414	204	5,713,951

INTEREST RATE DERIVATIVE CONTRACTS

IRD CONTRACTS TRADED

The number of IRD contracts traded YTD is -8% down from 2020 equivalent period. This lower activity is across the board and more pronounced in the bond options and index futures markets.

Listed IRD CONTRACTS TRADED							
YTD - Contracts	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2020	6,278,138	398,801	5,190	7,820		-	6,689,949
2021	5,753,870	285,653	3,675	6,003	80,871		6,130,072
Growth	-8.4%	-28.4%	-29.2%	-23.2%		0.0%	-8.4%

IRD VALUE TRADED

The value traded YTD is -8% lower than 2020 equivalent period with a total of R594bln notional.

IRD VALUE TRADED YTD (Rm)							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2020	R 584,897	R 640	R 35,571	R 28,449	R 0	R 0	R 649,556
2021	R 540,076	R 537	R 28,072	R 24,063	R 1,932	R 0	R 594,680
Growth	-7.7%	-16.1%	-21.1%	-15.4%		0.0%	-8.4%

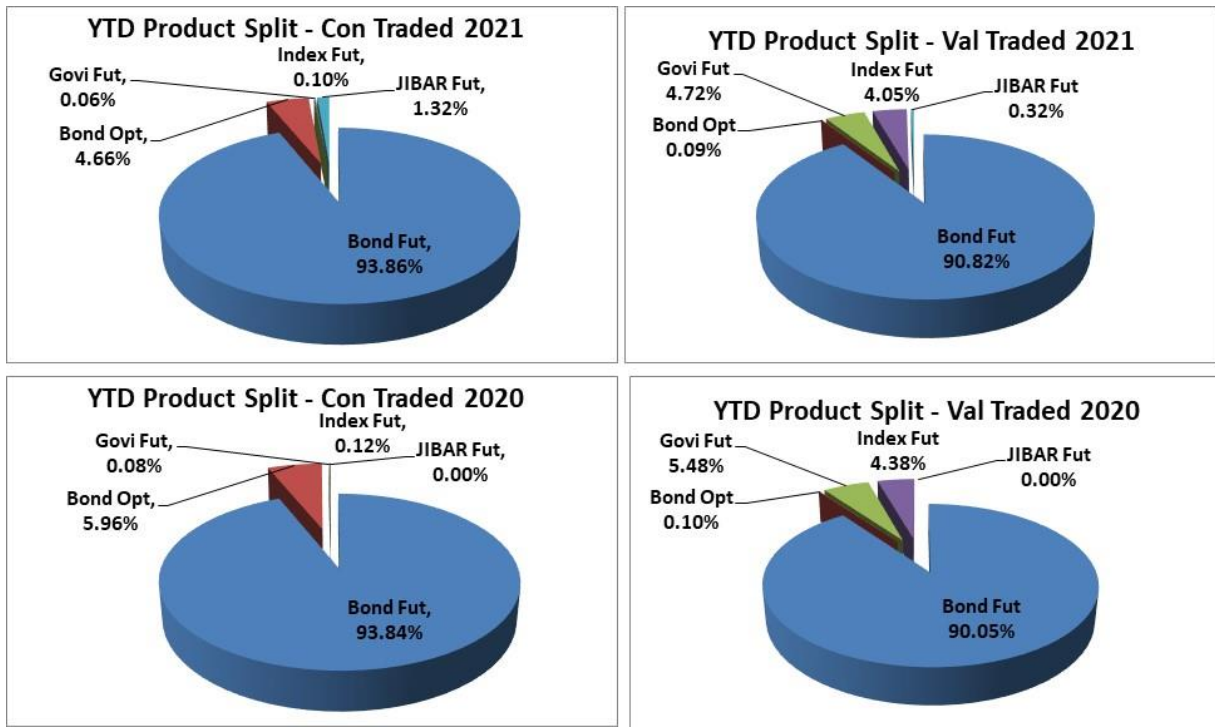
IRD OPEN INTEREST

The overall Open Interest is -6% down, while bond futures are 7% up as compared to previous year

IRD OPEN INTEREST YTD							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2020	923,863	275,374	1,044	1,390	-	51	1,201,722
2021	989,485	108,556	987	726	30,471	51	1,130,276
Growth	7.1%	-60.6%	-5.5%	-47.8%		0.0%	-5.9%

IRD PRODUCT SPLIT IN CONTRACTS AND VALUE TRADED

The **GOVI and Index Futures** represent 0.17% of all contracts traded and 9% of value traded YTD.



TWO_MONTH CLOSE OUT PERIOD VOLUME (ALL IRD CONTRACTS)

The roll activity normally starts in the month preceding close-out. Hence **seasonal volumes** are represented by consolidated **volumes for the active close-out month and the preceding month as a 2-month close-out period**.

All (two-month) close-out periods in 2020 reported greater than 3m contracts and double-digit growth from previous year. However, the latest **May 2021 (2-mth) close-out period**, saw a total of 3.08 million contracts traded, 4% lower than the same close-out period in 2020

ALL IRD CONTRACTS (in 2-mth periods) Rm								
Close-Out (2-mth)	2016	2017	2018	2019	2020	2021	% Chg 2020/19	% Chg 2020/19
Close-Out 1 (Feb)	1.733	2.455	3.292	2.609	3.097	2.883	18.7%	-6.9%
Close-Out 2 (May)	2.401	2.491	2.973	2.518	3.219	3.082	27.8%	-4.2%
Close-Out 3 (Aug)	2.313	3.051	2.532	3.009	3.040	-	1.0%	
Close-Out 4 (Nov)	2.399	3.320	2.749	2.787	3.082	-	10.6%	

BOND FUTURES

BOND FUTURES: CONTRACTS TRADED

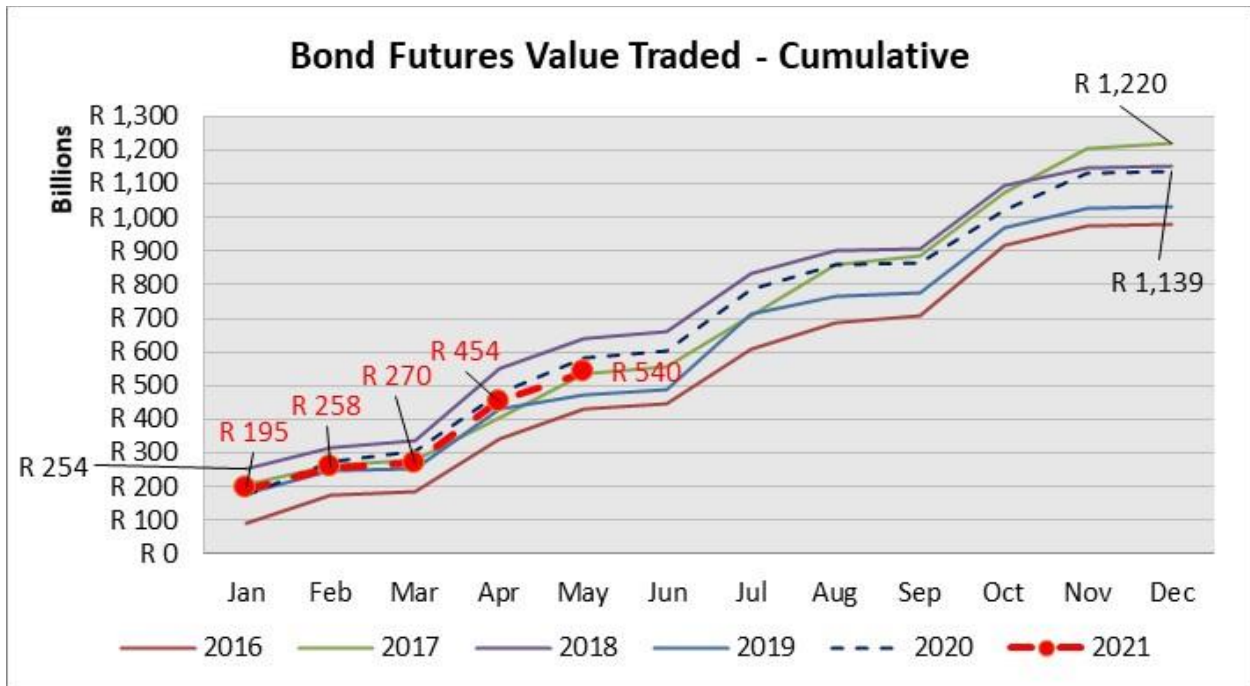
The total cumulative contracts traded in Bond Futures year-to-date, at 5.75m contracts, is 8% lower than equivalent period previous year. This lower trend contrasts the flat to slightly higher trend in the current open interest



Bond Futures Contracts Traded								
Date	2016	2017	2018	2019	2020	2021	Chg 20/19	Chg 21/20
Jan	826,485	1,963,456	2,512,043	1,872,040	1,808,945	2,064,147	-3.4%	14.1%
Feb	883,377	493,725	622,760	654,730	994,022	647,370	51.8%	-34.9%
Mar	79,520	148,066	184,080	71,194	337,360	127,022	373.9%	-62.3%
Apr	1,490,182	1,168,792	2,071,717	1,778,197	1,984,879	1,995,098	11.6%	0.5%
May	854,135	1,322,123	868,973	434,577	1,152,932	920,233	165.3%	-20.2%
Jun	134,452	177,529	241,609	121,845	187,670		54.0%	
Jul	1,542,365	1,475,383	1,770,507	2,232,039	2,022,009		-9.4%	
Aug	691,788	1,497,690	706,275	550,331	820,119		49.0%	
Sep	207,021	235,816	53,904	85,331	59,877		-29.8%	
Oct	1,903,245	1,947,995	1,987,598	1,970,014	1,707,398		-13.3%	
Nov	477,584	1,304,500	599,247	610,292	1,210,516		98.4%	
Dec	77,224	180,041	69,157	57,887	64,811		12.0%	
TOTAL	9,167,378	11,915,116	11,687,870	10,438,477	12,350,538	5,753,870	18.3%	-8.4%
%Chg		30.0%	-1.9%	-10.7%	18.3%			

BOND FUTURES: VALUE TRADED

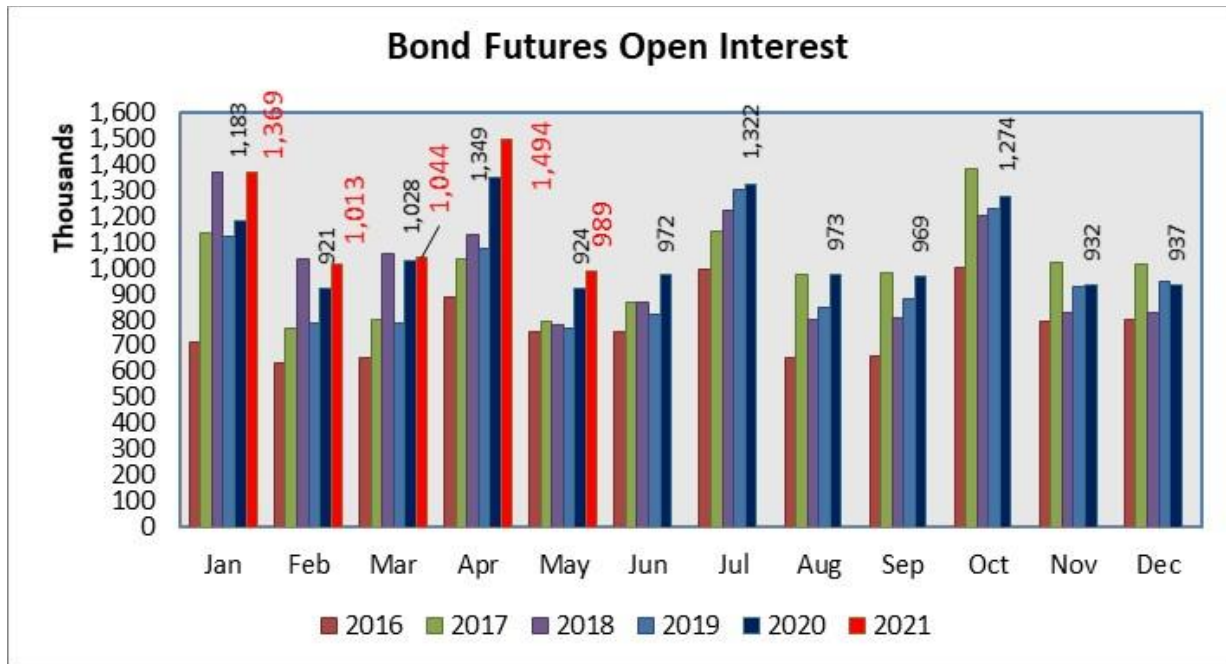
The **cumulative value traded** has seen a **7.7% decline** in value traded to R540 bln year-to-date compared to value traded in 2020.



Bond Futures Value Traded Rm								
Date	2016	2017	2018	2019	2020	2021	Chg 20/19	Chg 21/20
Jan	R 93,017	R 207,419	R 253,621	R 180,384	R 176,702	R 194,789	-2.0%	10.2%
Feb	R 83,446	R 54,107	R 63,521	R 65,075	R 97,898	R 62,982	50.4%	-35.7%
Mar	R 8,122	R 15,689	R 18,820	R 7,378	R 29,570	R 12,063	300.8%	-59.2%
Apr	R 159,522	R 128,361	R 212,944	R 177,545	R 174,397	R 184,453	-1.8%	5.8%
May	R 87,612	R 131,736	R 91,403	R 44,429	R 106,329	R 85,790	139.3%	-19.3%
Jun	R 13,129	R 19,049	R 22,502	R 11,983	R 17,525		46.2%	
Jul	R 166,159	R 151,742	R 170,320	R 225,830	R 185,667		-17.8%	
Aug	R 75,809	R 152,914	R 68,472	R 53,410	R 73,391		37.4%	
Sep	R 20,266	R 24,072	R 5,123	R 8,239	R 5,882		-28.6%	
Oct	R 210,332	R 191,314	R 185,855	R 194,759	R 156,245		-19.8%	
Nov	R 55,648	R 126,095	R 54,306	R 59,502	R 109,123		83.4%	
Dec	R 7,458	R 17,391	R 6,458	R 5,516	R 6,269		13.7%	
TOTAL	980,519	1,219,888	1,153,345	1,034,049	1,138,999	540,076	10.1%	-7.7%
%Chg		24.4%	-5.5%	-10.3%	10.1%			

BOND FUTURES: OPEN INTEREST

Bond Futures Open interest at month end was 989 k contracts which is 7% higher than that of the equivalent month in previous year. The high open positions, indicative of outstanding risk being hedged and traded, contrasts with the slightly lower contracts going through the market.

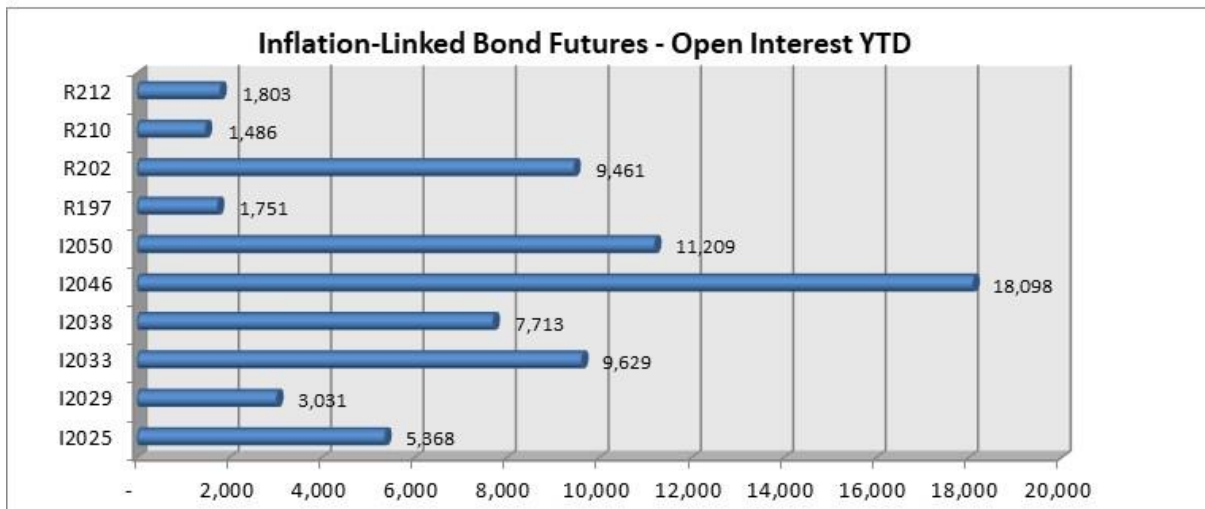


Bond Futures Open Interest								
Date	2016	2017	2018	2019	2020	2021	Chg 20/19	Chg 21/20
Jan	713,913	1,137,425	1,372,543	1,118,795	1,183,158	1,368,771	5.8%	15.7%
Feb	633,062	770,321	1,037,493	784,852	921,269	1,012,584	17.4%	9.9%
Mar	650,335	801,800	1,052,470	787,390	1,027,896	1,043,823	30.5%	1.5%
Apr	890,406	1,037,427	1,126,181	1,073,638	1,349,483	1,493,709	25.7%	10.7%
May	752,370	794,207	777,714	769,139	923,863	989,485	20.1%	7.1%
Jun	753,049	868,162	870,652	817,539	971,675		18.9%	
Jul	996,943	1,139,985	1,222,141	1,302,006	1,321,763		1.5%	
Aug	655,211	977,327	798,912	849,438	973,254		14.6%	
Sep	657,642	981,713	809,221	883,920	969,022		9.6%	
Oct	999,507	1,383,649	1,201,141	1,231,132	1,273,672		3.5%	
Nov	793,813	1,020,399	826,316	927,675	931,839		0.4%	
Dec	798,552	1,016,463	827,458	944,806	936,762		-0.9%	
%Chg		27.3%	-18.6%	14.2%	-0.9%			

BOND FUTURES: OPEN INTEREST PER INSTRUMENT

The open interest is spread across several contacts, with R2030, R2032, R2037 and R2048 all above 100k open contracts (> R10 bln principal value).

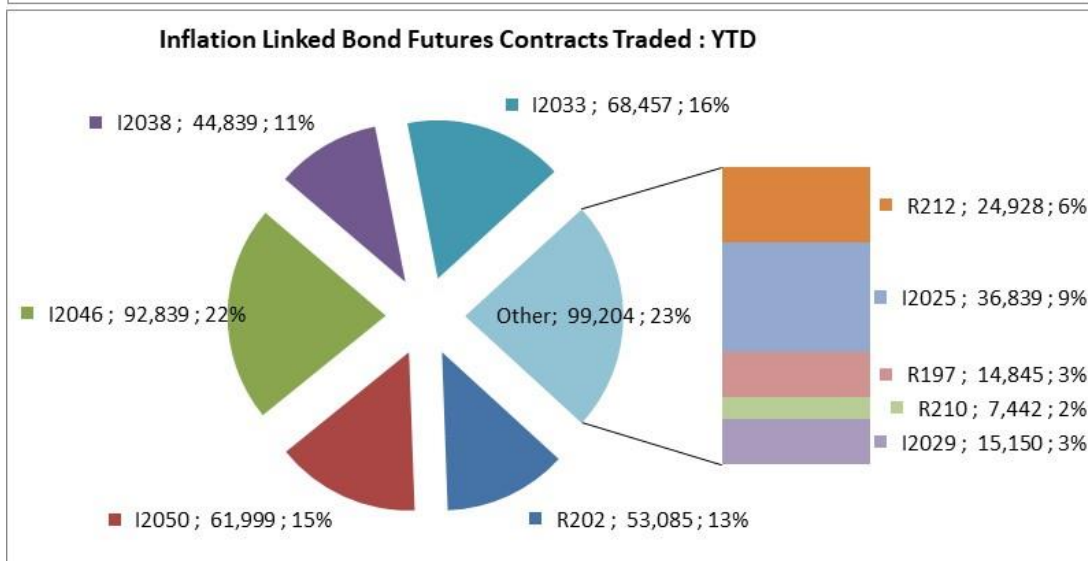
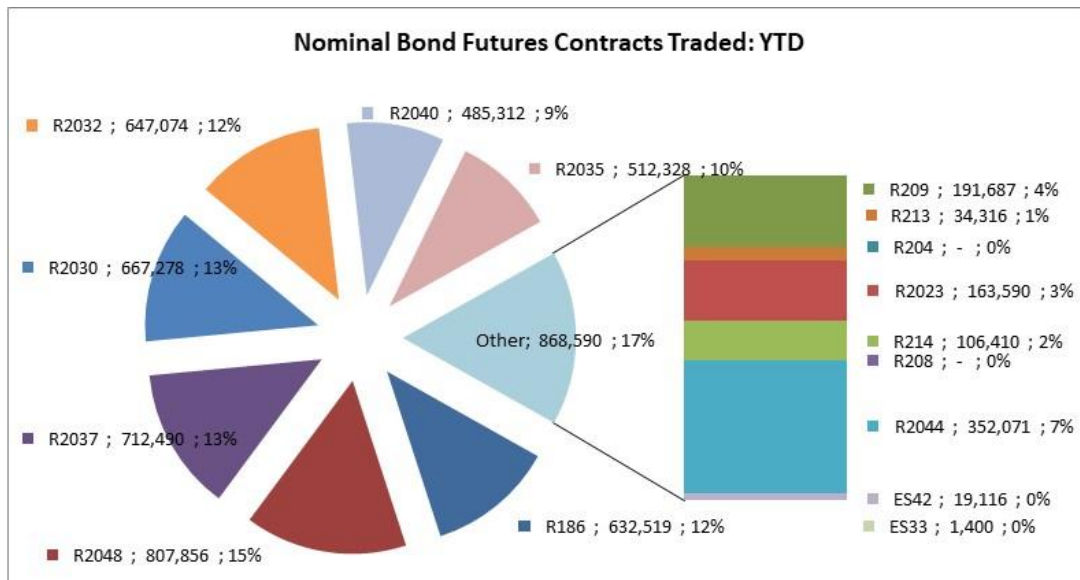
Open Interest Table: YTD			
	Nominal Bond	Inflation-Linkers	Total
Contracts	919,936	69,549	989,485
Nominal Value Rm	91,994	6,955	98,949
% Split	93.0%	7.0%	100.0%



SINGLE BOND FUTURE CONTRACTS

The chart ranks the total contracts traded ytd for single Nominal Bond and Inflation Bond Futures.

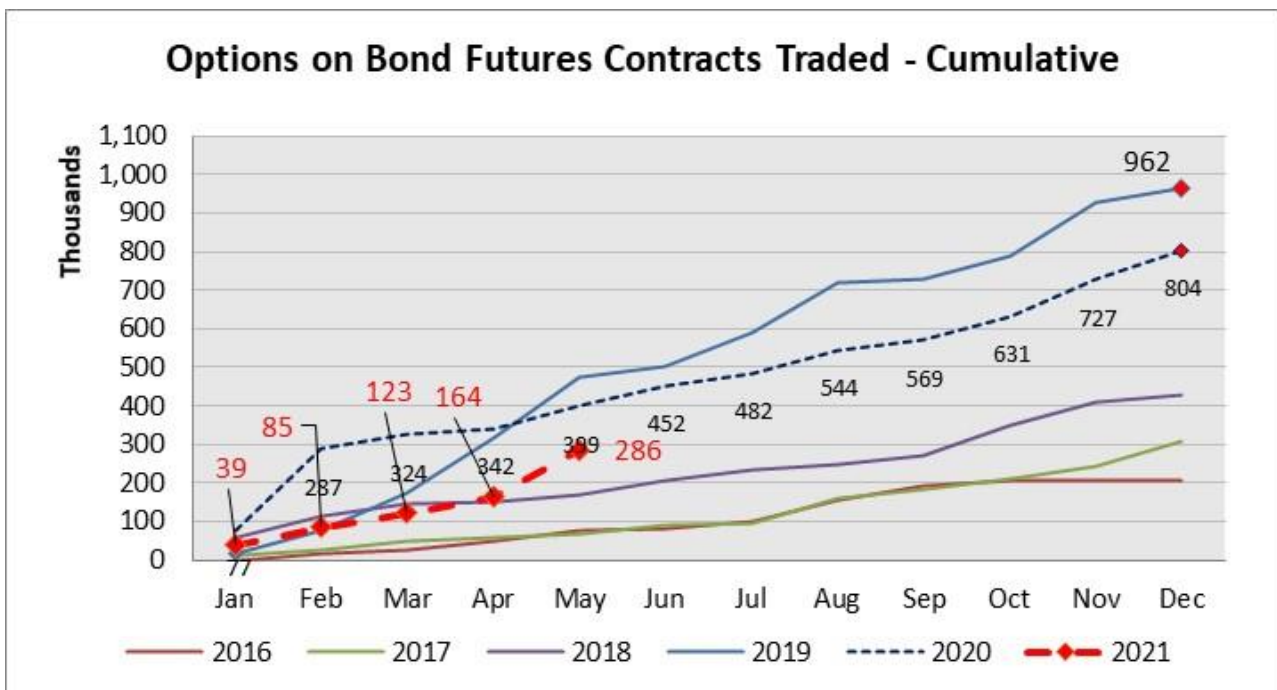
Total Contracts Traded ytd			
	Nominal Bond	Inflation-Linkers	Total
Contracts	5,333,447	420,423	5,753,870
Nominal Value Rm	533,345	42,042	575,387
% Split	92.7%	7.3%	100.0%



OPTIONS ON BOND FUTURES

OPTIONS ON BOND FUTURES: CONTRACTS TRADED YTD

The 2021 year started with much lower activity in the first 2 months compared to the equivalent period in the previous year. However, the past 3 months has seen better growth with comparative volumes. Overall market is still 28% down ytd.

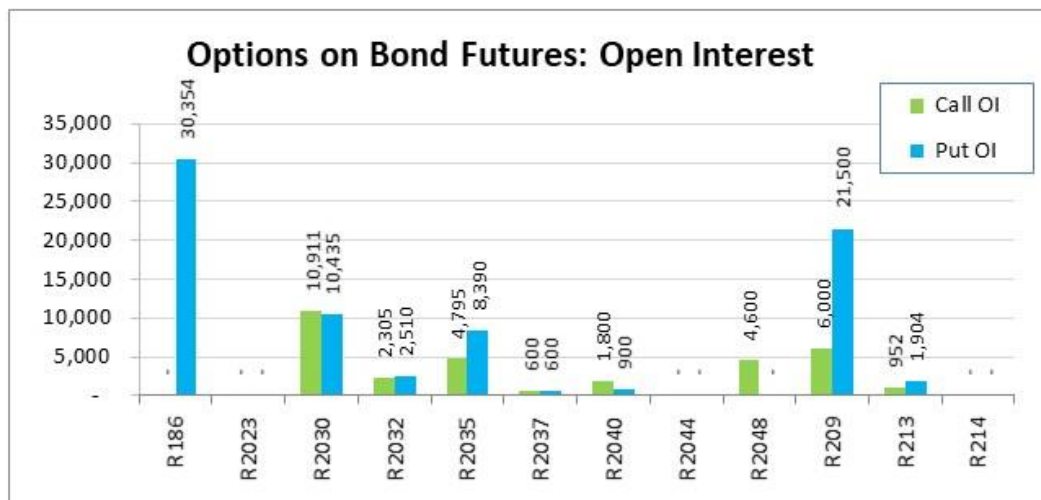
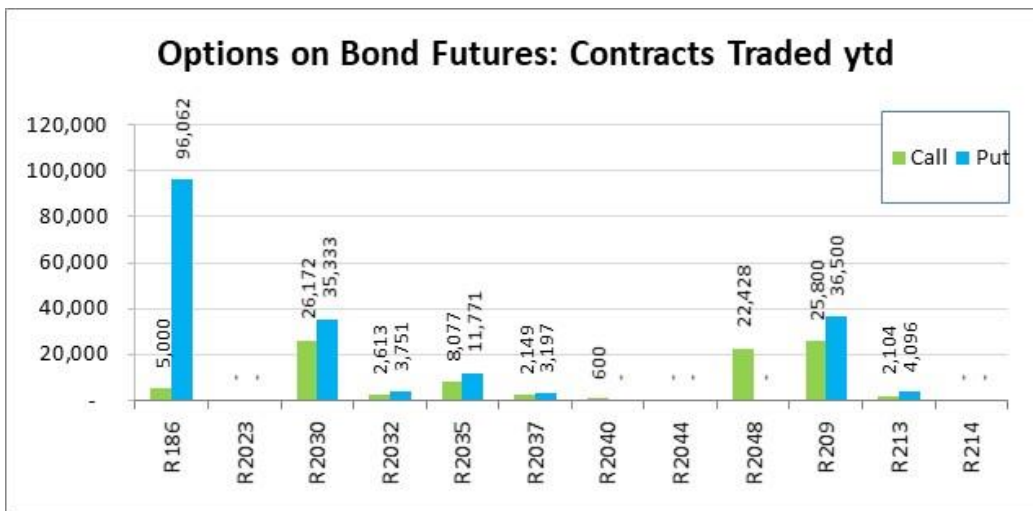


Options on Bond Futures Contracts Traded								
Date	2016	2017	2018	2019	2020	2021	Chg 20/19	Chg 21/20
Jan	-	14,483	60,405	19,110	77,201	38,681	304.0%	-49.9%
Feb	17,536	11,415	54,977	59,033	210,210	46,540	256.1%	-77.9%
Mar	8,812	25,538	28,832	95,276	36,940	37,707	-61.2%	2.1%
Apr	22,435	5,400	5,558	143,016	17,731	40,805	-87.6%	130.1%
May	29,048	8,862	20,150	157,005	56,719	121,920	-63.9%	115.0%
Jun	5,775	23,320	34,432	26,470	53,416		101.8%	
Jul	18,285	8,019	28,655	88,896	30,101		-66.1%	
Aug	54,921	63,882	17,260	131,864	61,600		-53.3%	
Sep	36,208	22,555	19,612	7,489	25,183		236.3%	
Oct	12,419	26,394	78,210	58,639	61,600		5.0%	
Nov	50	34,036	63,736	140,504	96,308		-31.5%	
Dec	50	63,418	16,886	34,609	76,656		121.5%	
TOTAL	205,539	307,322	428,713	961,911	803,665	285,653	-16.5%	-28.4%
%Chg		49.5%	39.5%	124.4%	-16.5%			

OPTIONS ON BOND FUTURES: CONTRACTS TRADED AND OPEN INTEREST

The option activity is focussed on the bonds R186, R2030, R209 (exp 2036) and R2048. The option open interest reflects twice as many open puts relative to open calls, with the largest open contracts in the R186 (puts). The 285k open interest represents options on R28.5 bln underlying nominal value.

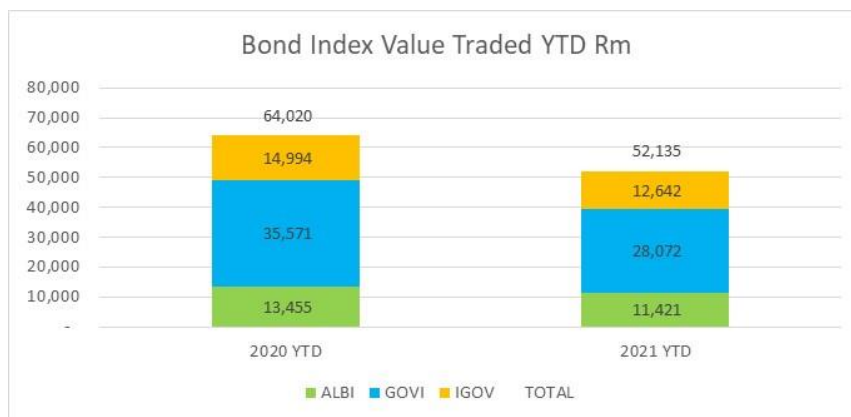
Options on Bond Futures				
	Contracts ytd		Open Interest	
Calls	94,943	33.2%	31,963	29.4%
Puts	190,710	66.8%	76,593	70.6%
Total	285,653	100.0%	108,556	100.0%



BOND INDEX FUTURES

The total Bond Index futures value traded ytd was R52bln, down 19% from last year

Value Traded Rm				
	ALBI	GOVI	IGOV	TOTAL
2020 YTD	13,455	35,571	14,994	64,020
2021 YTD	11,421	28,072	12,642	52,135
% Change	-15%	-21%	-16%	-19%



VALUE TRADED Rm					
	ALBI	GOVI	IGOV	Val Traded	%Chg YoY
Jan-19	11,086	5,683	2,674	19,442	
Feb-19	4,005	497	327	4,828	
Mar-19	1,092	2,086	118	3,296	
Apr-19	16,580	5,676	4,658	26,914	
May-19	115	538	50	702	
Jun-19	138	74	-	211	
Jul-19	11,628	11,167	4,418	27,214	
Aug-19	482	797	271	1,550	
Sep-19	21	339	878	1,238	
Oct-19	5,601	18,183	7,265	31,049	
Nov-19	2,695	2,362	884	5,941	
Dec-19	14	55	-	69	
Jan-20	5,266	17,443	6,425	29,134	50%
Feb-20	2,316	1,283	663	4,262	-12%
Mar-20	624	73	74	771	-77%
Apr-20	4,444	13,806	5,987	24,237	-10%
May-20	805	2,966	1,845	5,616	699%
Jun-20	50	300	461	812	284%
Jul-20	4,597	14,676	6,436	25,710	-6%
Aug-20	915	349	552	1,816	17%
Sep-20	238	43	39	320	-74%
Oct-20	5,155	14,608	6,094	25,857	-17%
Nov-20	1,228	1,824	868	3,920	-34%
Dec-20	30	67	8	105	52%
Jan-21	4,375	14,739	6,347	25,461	-13%
Feb-21	1,715	778	1,003	3,496	-18%
Mar-21	181	216	100	498	-35%
Apr-21	3,020	11,671	3,841	18,532	-24%
May-21	2,130	667	1,351	4,149	-26%

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