

JSE
INTEREST RATE DERIVATIVES
MONTHLY VIEW

June 2021

Compiled by the IRC team

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HIGHLIGHTS

A quiet month in June, with overall IRD contracts 10% lower than the previous year. Activity is expected to increase from mid-July as roll activity picks up into the August close-out, with bond futures open positions currently 1.5% higher than last year.

- Activity in the 2021 year has been lower than the equivalent period in 2020 with June being the slowest month this year. The total **IRD contracts traded** (6.2mln) is down 10% compared to previous year.
- **Bond futures** activity has contracts 10% down while open interest is 1.5% up.
- **Bond options activity** is 28.5% lower with Q2 showing a mild recovery after a very slow Q1. The open interest represents an exposure of R12.0 bln underlying open nominal value
- The **IRD open interest**, indicative of the outstanding risk being traded/hedged, is down 10%. This is in contrast to the slightly higher bond futures open interest
- The **Govi and Bond Index Futures value traded** was R53bln ytd, down 18% from previous year

MONTHLY 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
2021.06	50,847	12,776	24,800	17	161	-	-	88,601
Grand Total	5,804,717	107,719	215,510	3,692	6,164	80,871	-	6,218,673

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
2021.06	986,432	38,363	82,093	981	581	30,471	51	1,138,972

INTEREST RATE DERIVATIVE CONTRACTS

IRD CONTRACTS TRADED

The number of IRD contracts traded YTD is -10% 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	6,465,808	452,217	5,233	8,007	35	-	6,931,300
2021	5,804,717	323,229	3,692	6,164	80,871		6,218,673
Growth	-10.2%	-28.5%	-29.4%	-23.0%	-	0.0%	-10.3%

IRD VALUE TRADED

The value traded YTD is -10% lower than 2020 equivalent period with a total of R601bln notional.

IRD VALUE TRADED YTD (Rm)							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2020	R 602,421	R 736	R 35,871	R 28,961	R 1	R 0	R 667,990
2021	R 545,425	R 620	R 28,206	R 24,709	R 1,932	R 0	R 600,892
Growth	-9.5%	-15.7%	-21.4%	-14.7%	-	0.0%	-10.0%

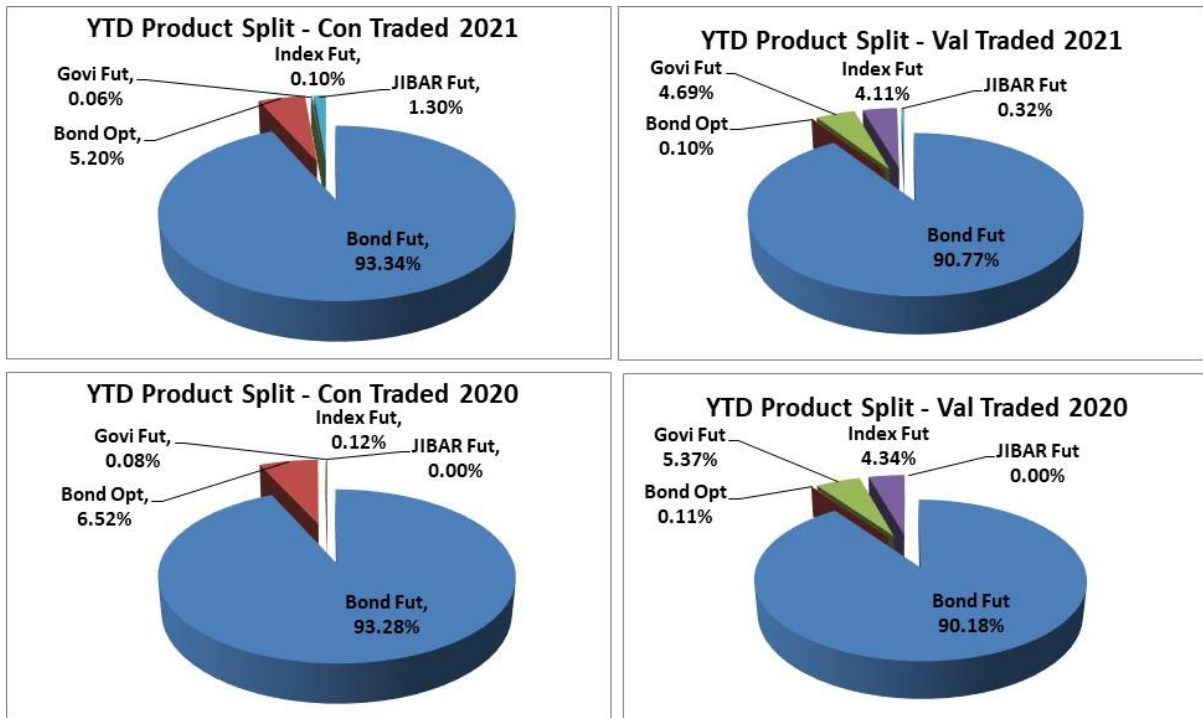
IRD OPEN INTEREST

The overall Open Interest is -10% down, while individual market, bond futures, is 1.5% 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	971,675	297,589	1,023	1,466	35	51	1,271,839
2021	986,432	120,456	981	581	30,471	51	1,138,972
Growth	1.5%	-59.5%	-4.1%	-60.4%	-	0.0%	-10.4%

IRD PRODUCT SPLIT IN CONTRACTS AND VALUE TRADED

The **GOVI and Index Futures** represent 0.16% 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) (in millions of contracts)									
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

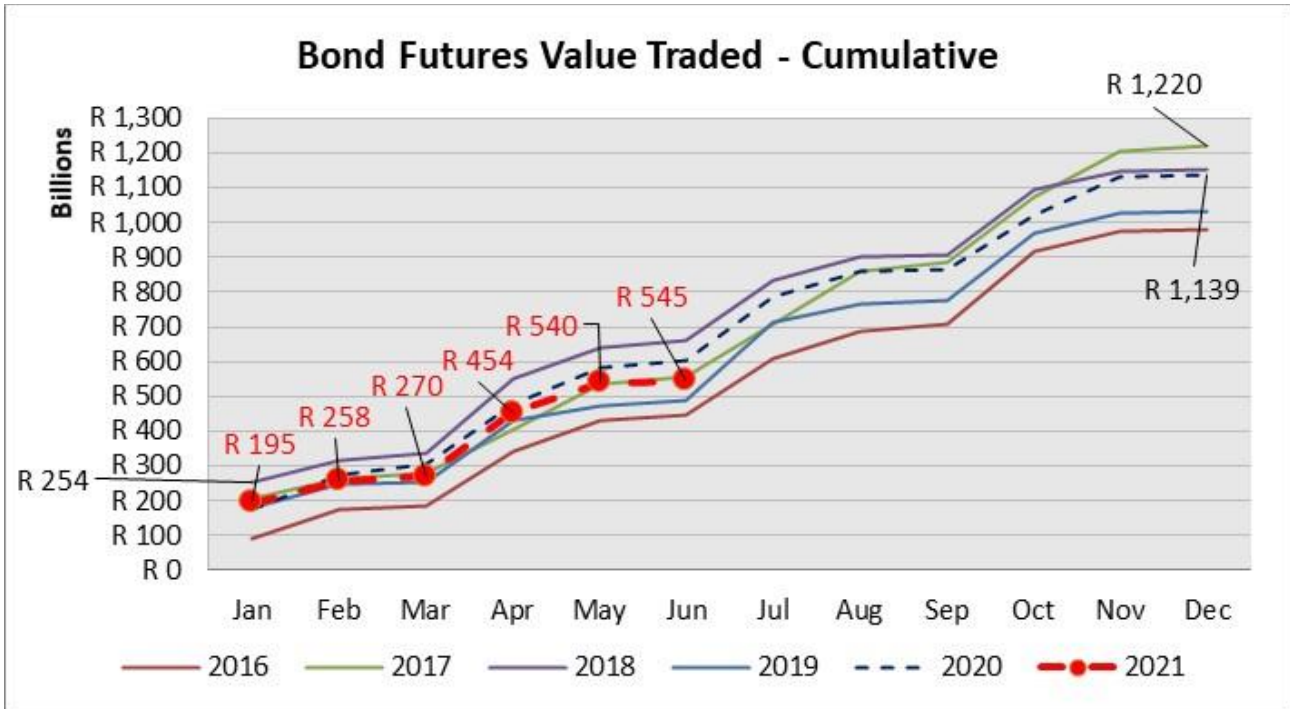
The total cumulative contracts traded in Bond Futures year-to-date, at 5.8m contracts, is 10% lower than equivalent period previous year. This lower trend contrasts the flat to slightly higher trend in the current open interest



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	50,847	54.0%	-72.9%
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	5,804,717	18.3%	-10.2%
%Chg		30.0%	-1.9%	-10.7%	18.3%			

BOND FUTURES: VALUE TRADED

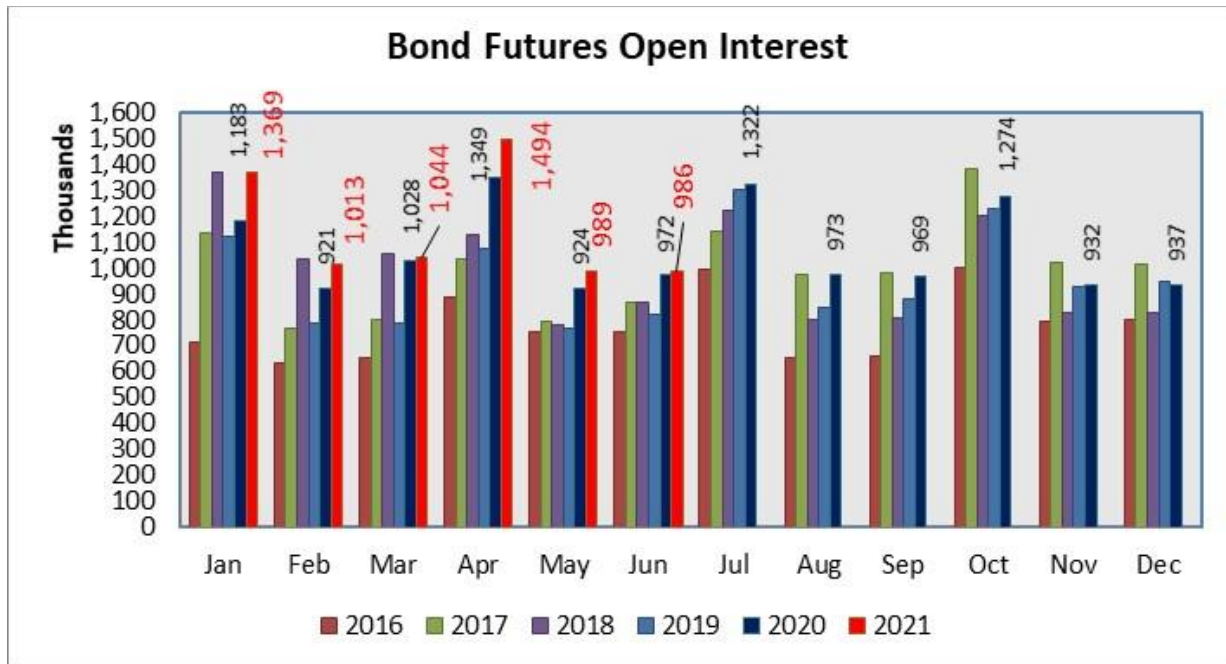
The **cumulative value traded** has seen a **9.5% decline** in value traded to R545 bln year-to-date compared to value traded in 2020.



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	R 5,349	46.2%	-69.5%
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	545,425	10.1%	-9.5%
%Chg		24.4%	-5.5%	-10.3%	10.1%			

BOND FUTURES: OPEN INTEREST

Bond Futures Open interest at month end was 986 k contracts which is 1.5% higher than that of the equivalent month in previous year. The slightly high open positions, indicative of outstanding risk being hedged and traded, contrasts with the lower contracts going through the market.

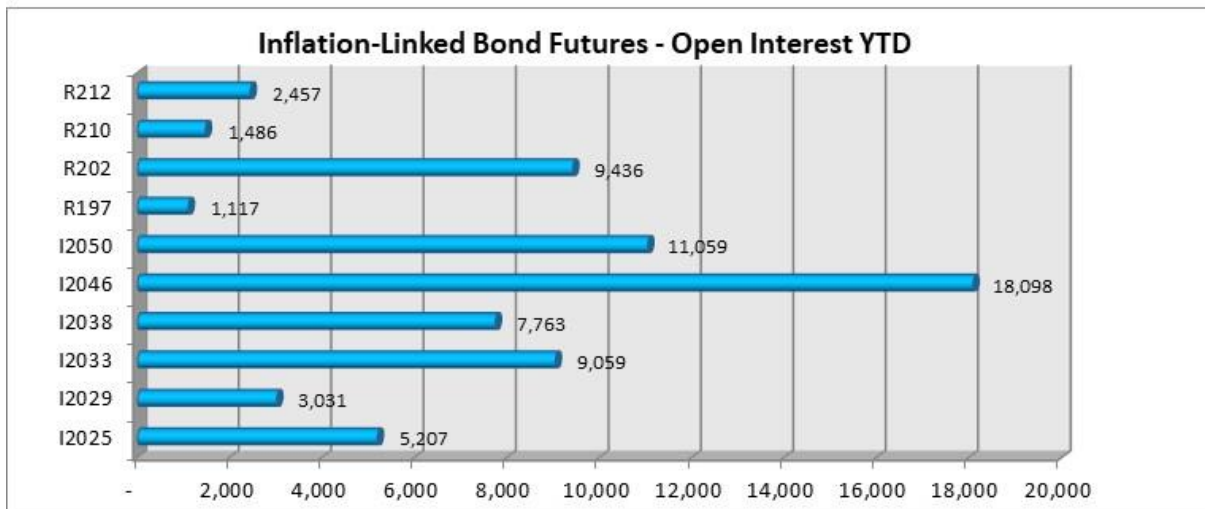
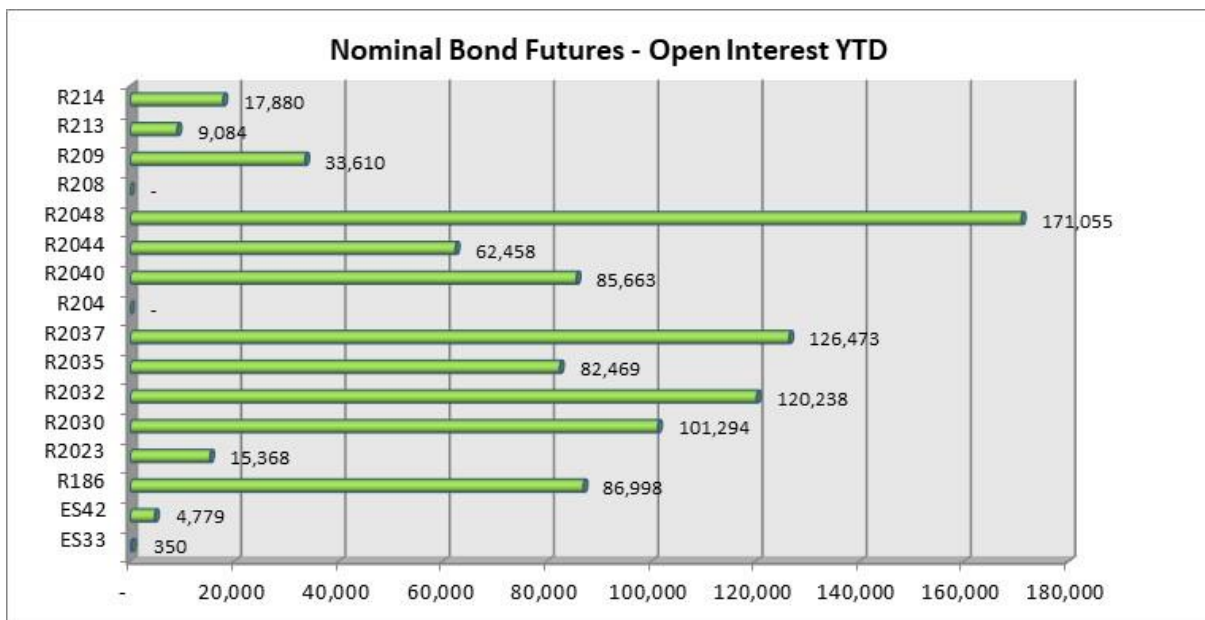


Bond Futures Open Interest								
Date	2016	2017	2018	2019	2020	2021	Chg 20/19	Chg 21/20
Jan	713,913	1,137,425	1,372,543	1,118,795	1,183,158	1,368,771	5.8%	15.7%
Feb	633,062	770,321	1,037,493	784,852	921,269	1,012,584	17.4%	9.9%
Mar	650,335	801,800	1,052,470	787,390	1,027,896	1,043,823	30.5%	1.5%
Apr	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	986,432	18.9%	1.5%
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%	1.5%		

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).

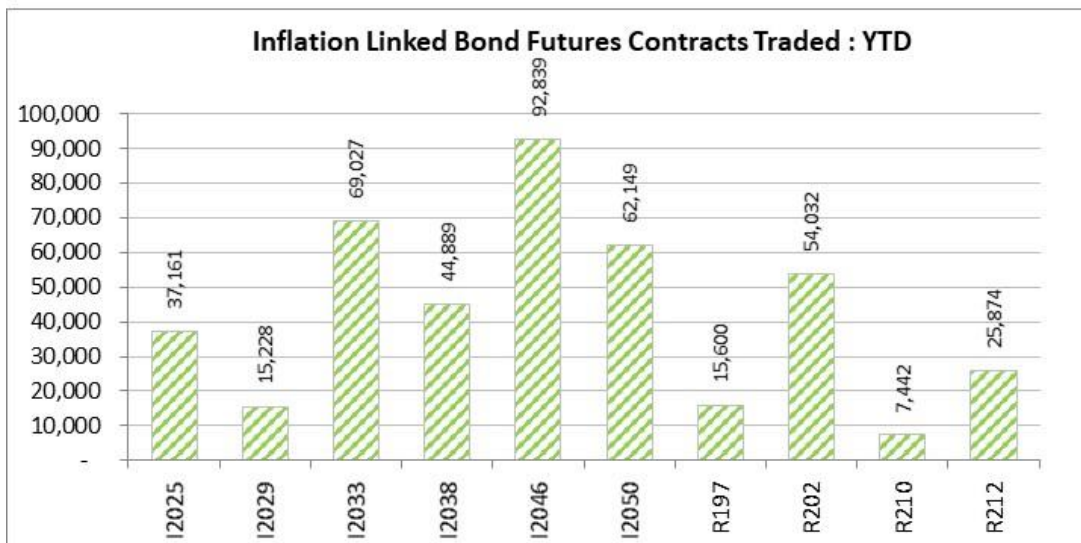
Open Interest Table: YTD			
	Nominal Bond	Inflation-Linkers	Total
Contracts	917,719	68,713	986,432
Nominal Value Rm	91,772	6,871	98,643
% Split	93.0%	7.0%	100.0%



SINGLE BOND FUTURE CONTRACTS

The chart shows an even spread of activity across several Nominal and Inflation Bond Futures.

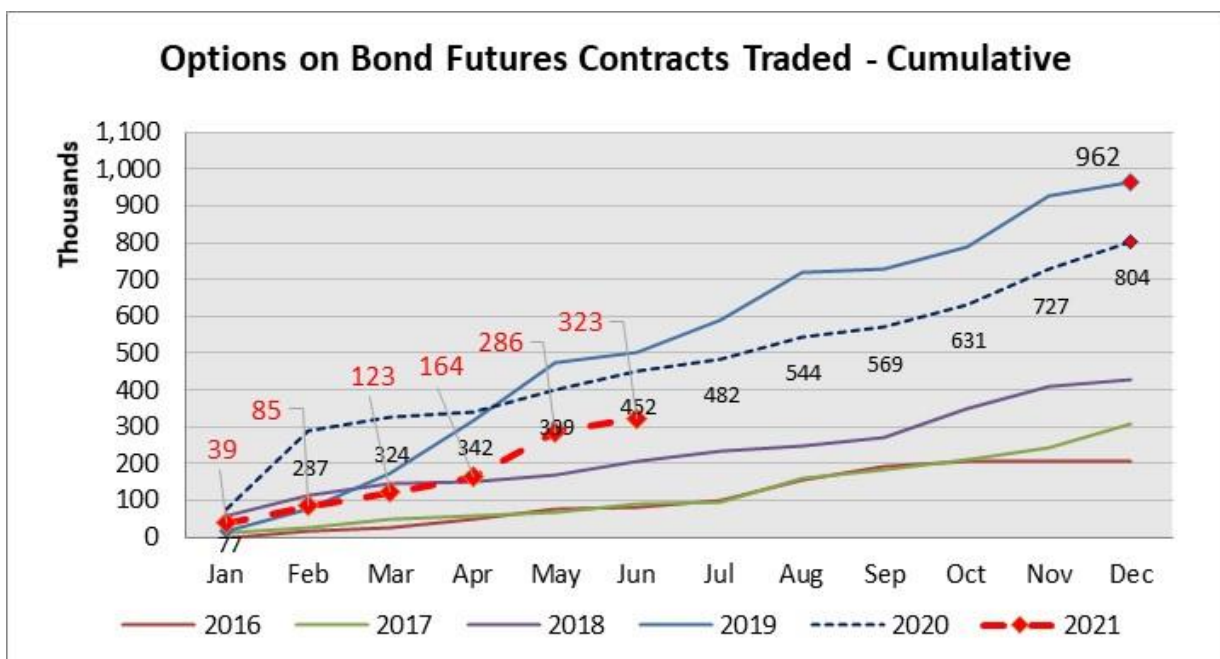
Total Contracts Traded ytd			
	Nominal Bond	Inflation-Linkers	Total
Contracts	5,380,476	424,241	5,804,717
Nominal Value Rm	538,048	42,424	580,472
% Split	92.7%	7.3%	100.0%



OPTIONS ON BOND FUTURES

OPTIONS ON BOND FUTURES: CONTRACTS TRADED YTD

Overall option activity is showing a 28% decline in contracts ytd compared to the previous year. This 2021 activity was characterised by much lower activity in the Q1, but has witnessed a pickup in activity in Q2 compared to previous year.

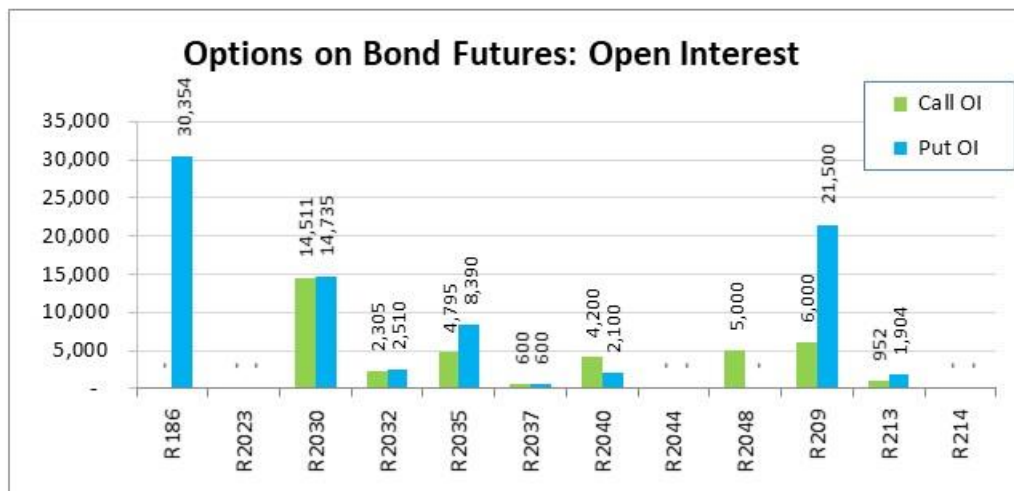
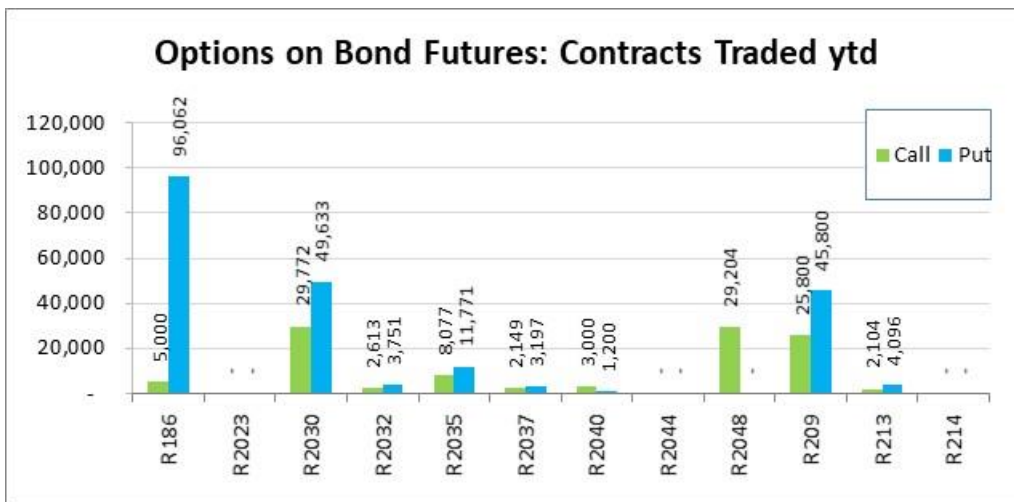


Options on Bond Futures Contracts Traded								
Date	2016	2017	2018	2019	2020	2021	Chg 20/19	Chg 21/20
Jan	-	14,483	60,405	19,110	77,201	38,681	304.0%	-49.9%
Feb	17,536	11,415	54,977	59,033	210,210	46,540	256.1%	-77.9%
Mar	8,812	25,538	28,832	95,276	36,940	37,707	-61.2%	2.1%
Apr	22,435	5,400	5,558	143,016	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	37,576	101.8%	-29.7%
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	323,229	-16.5%	-28.5%
%Chg		49.5%	39.5%	124.4%	-16.5%			

OPTIONS ON BOND FUTURES: CONTRACTS TRADED AND OPEN INTEREST

The option activity in 2021 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 120k open interest represents options on R12.0 bln underlying nominal value.

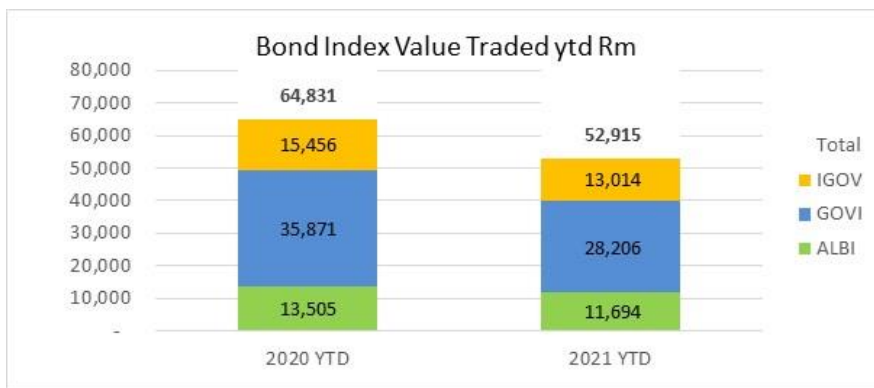
Options on Bond Futures				
	Contracts ytd		Open Interest	
Calls	107,719	33.3%	38,363	31.8%
Puts	215,510	66.7%	82,093	68.2%
Total	323,229	100.0%	120,456	100.0%



BOND INDEX FUTURES

The total Bond Index futures value traded ytd was R53bln, down 18% from last year

VALUE TRADED Rm				
	ALBI	GOVI	IGOV	Total
2020 YTD	13,505	35,871	15,456	64,831
2021 YTD	11,694	28,206	13,014	52,915
% Change	-13%	-21%	-16%	-18%



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%
Jun-21	274	134	372	780	-4%

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