

Benchmark Rates Liquidity Monitor

OCTOBER 2021 | ISSUE 9

EONIA to ESTR conversion has been completed at CCPs in mid-October. This event moves the entire liquidity spectrum from EONIA to ESTR swaps now. GBP LIBOR swaps trading volumes continue to fall; however, some activity still remains ahead of GBP LIBOR cessation. SOFR trading continues to rise at an accelerated pace, although still remains below USD LIBOR trading activity levels. JPY TONA has now completely overtaken JPY LIBOR volumes.

EUR

ESTR monthly trading volumes in October reached 500bln. (**Chart 1**) according to the Swapsinfo data. The spike follows mid-October conversion at CCPs for all EONIA swaps to ESTR. Consequentially, monthly trade count moved jumped to 1,700 compared 200 to 400 in the previous months (**Chart 2**). EONIA and ESTR to EURIBOR trading ratios remain consistent in 5Y+ tenors, but have picked up at the short-end of the curve (**Charts 9 and 10**). From this edition onwards, we will no longer provide the EONIA to ESTR liquidity comparison, given that the CCPs have now converted all existing EONIA swaps to ESTR.

GBP

The transition from GBP LIBOR to SONIA in the GBP continues to progress, but the GBP LIBOR market still remains active. According to the Swapsinfo data GBP LIBOR trade count in October increased to 6,000 versus 12,000 in SONIA (**Chart 4**). Monthly trading volumes, however, are now entirely concentrated in SONIA swaps (4,500bln USD) rather than in GBP LIBOR (less than 500bln USD, **Charts 3 and 11**).

USD

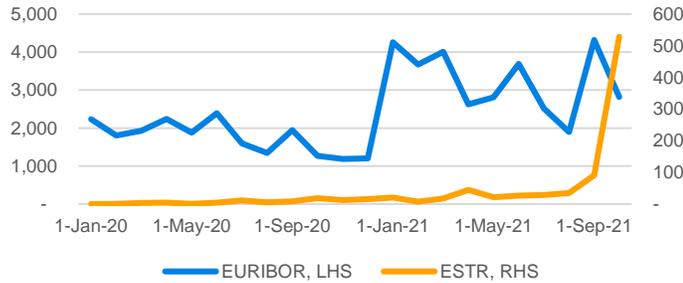
The impact from the SOFR First initiative continued to play out through October. Both SOFR trade volume and trade count reached all-time highs in October with SOFR volumes increasing 21% and count increasing 13.5% over September (**Charts 5 and 6**). The ratio of OIS to USD LIBOR monthly volumes for all maturities trended higher (**Charts 13 and 14**).

JPY

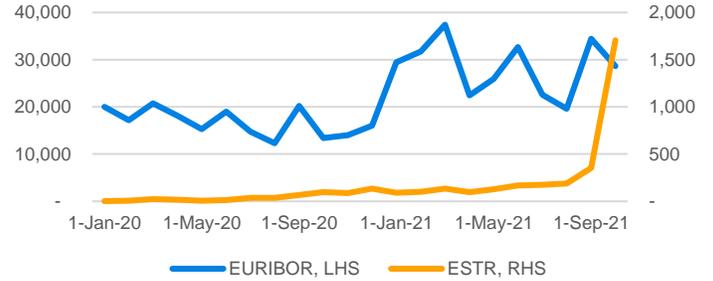
In October, the trading volume for JPY TONA swap has continued its upward trend, increasing from 96 Billion to 126 Billion USD. On the contrary, trading volume for JPY LIBOR has shrunk by 50% to 51 Billion USD. Both types of swaps have increased in terms of trade count over the month (**Charts 7 and 8**). Looking at the tenor breakdowns (**Chart 15**), JPY OIS -to-LIBOR monthly volume ratio has increased consistently across all tenors, with all ratios hovering over 300%. There was also a much higher number of JPY OIS swap trades done in the 0-2y part of the curve relative to the number of JPY LIBOR type trades in the same tenor (approximately 2 times higher).

IRS AND OIS TOTAL LIQUIDITY

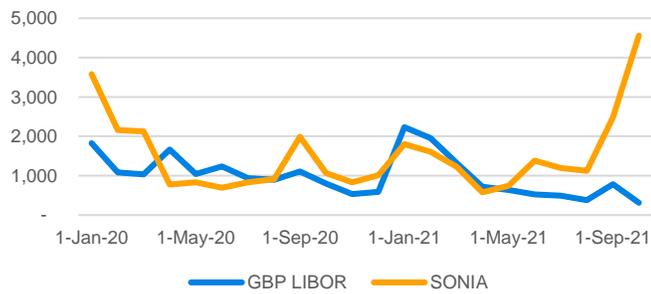
1: EURIBOR AND ESTR MONTHLY TRADING VOLUME (USD BLN)



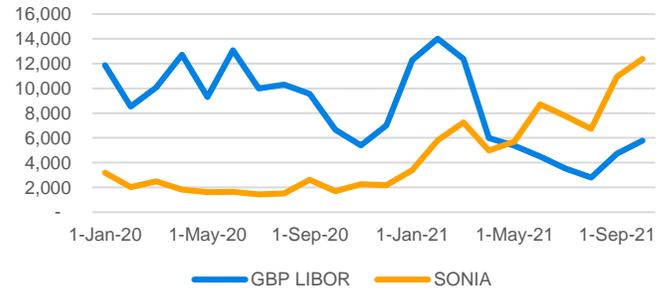
2: EURIBOR AND ESTR MONTHLY TRADE COUNT



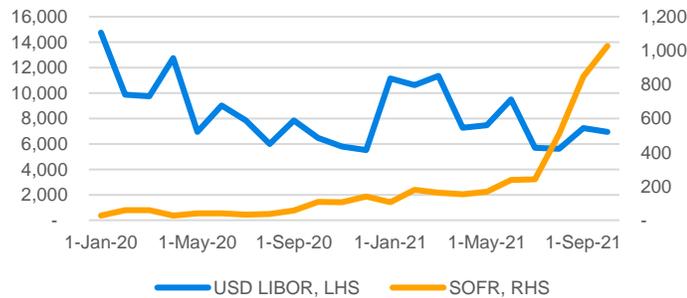
3: GBP LIBOR AND SONIA MONTHLY TRADING VOLUME (USD BLN)



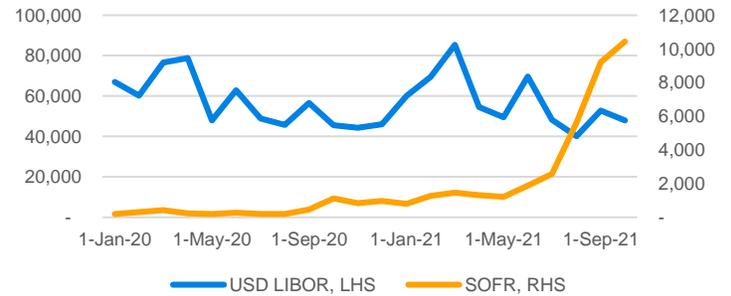
4: GBP LIBOR AND SONIA MONTHLY TRADE COUNT



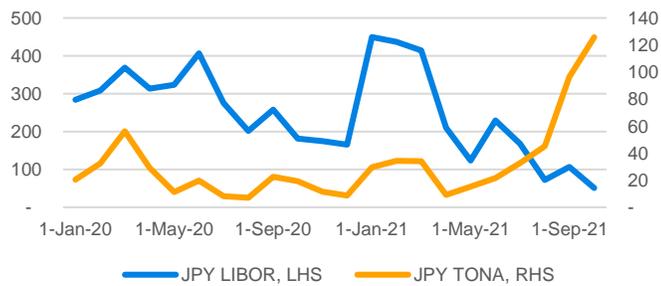
5: USD LIBOR AND SOFR MONTHLY TRADING VOLUME (USD BLN)



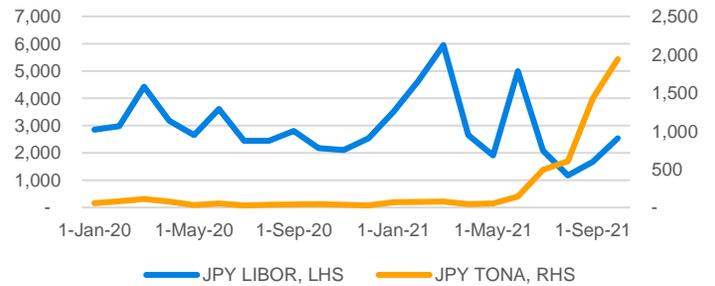
6: USD LIBOR AND SOFR MONTHLY TRADE COUNT



7: JPY LIBOR AND TONA MONTHLY TRADING VOLUME (USD BLN)

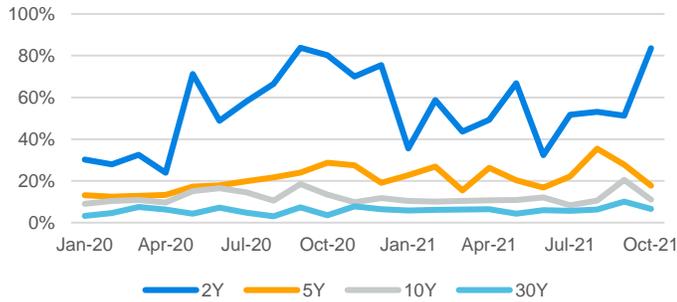


8: JPY LIBOR AND TONA MONTHLY TRADE COUNT

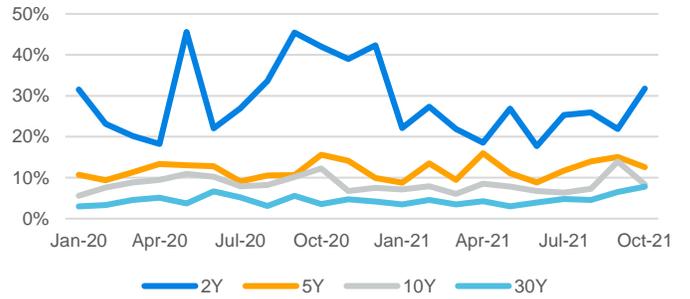


IRS AND OIS LIQUIDITY PER TENOR

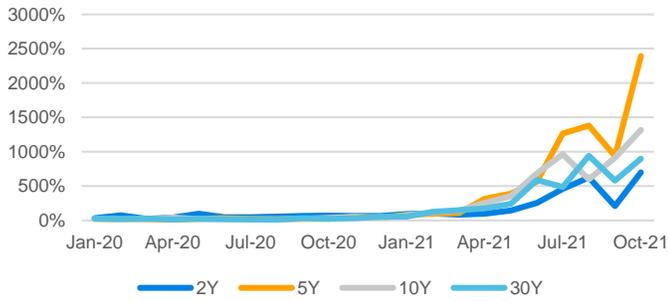
9: ESTR AND EONIA OIS TO EURIBOR IRS MONTHLY VOLUME RATIO



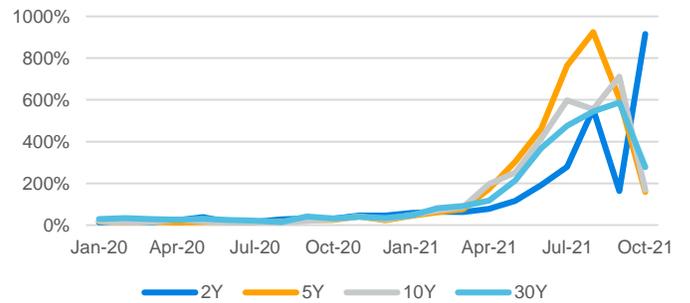
10: ESTR AND EONIA OIS TO EURIBOR IRS MONTHLY TRADE COUNT RATIO



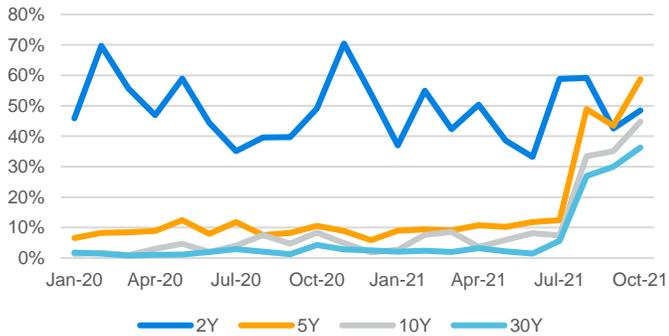
11: SONIA OIS TO GBP LIBOR IRS MONTHLY VOLUME RATIO



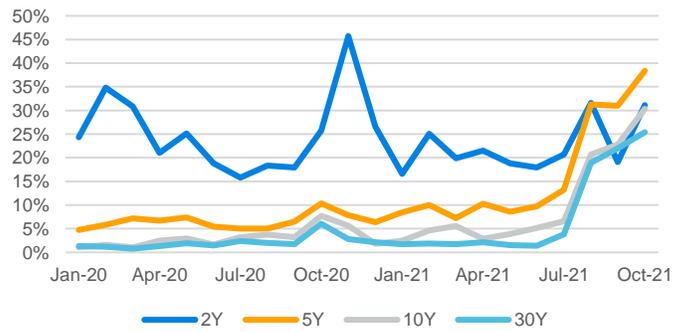
12: SONIA OIS TO GBP LIBOR IRS MONTHLY TRADE COUNT RATIO



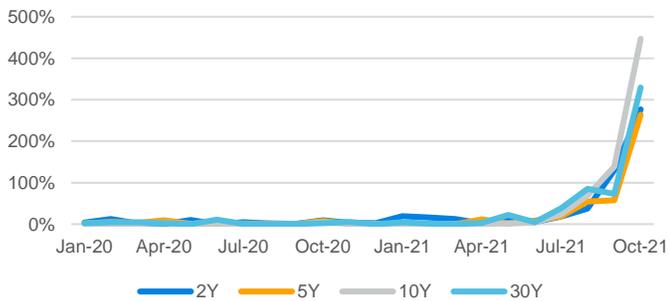
13: OIS TO USD LIBOR IRS MONTHLY VOLUME RATIO



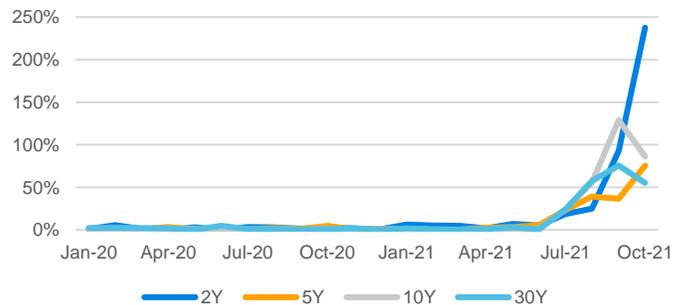
14: OIS TO USD LIBOR IRS MONTHLY TRADE COUNT RATIO



15: OIS TO JPY LIBOR IRS MONTHLY VOLUME RATIO

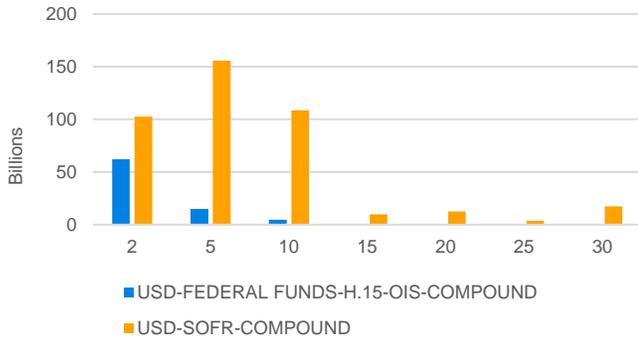


16: OIS TO JPY LIBOR IRS MONTHLY TRADE COUNT RATIO

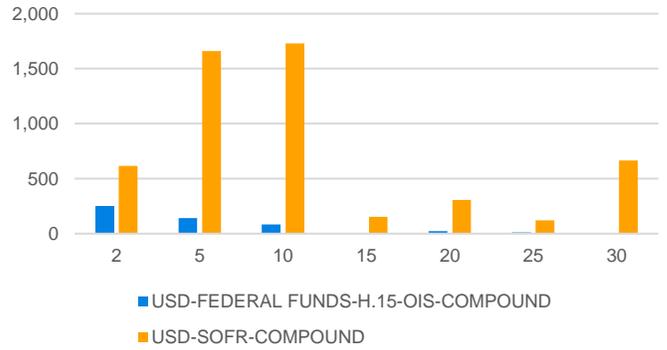


USD OIS LIQUIDITY - OCTOBER 2021

17: FED FUNDS VS SOFR TRADE VOLUME PER TENOR (USD BLN)



18: FED FUNDS VS SOFR TRADE COUNT PER TENOR



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