

JSE
INTEREST RATE DERIVATIVES
MONTHLY VIEW

January 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 PER INSTRUMENT	11
OPTIONS ON BOND FUTURES: OPEN INTEREST PER INSTRUMENT	11
BOND INDEX FUTURES	12
BOND INDEX FUTURES: VALUE TRADED YTD	12

HIGHLIGHTS

- The total **IRD contracts traded** ytd in 2020 was 1.89m, flat in comparison to the same period in 2019. This translates to approximately R205 billion value traded ytd
- The **bond options** have seen 3x the volume as compared to the same period last year
- The **Govi futures** have seen almost 2x the volume as compared to the same period last year
- The **Govi and Index futures** now represent 14% of total value traded, up from 9% last year
- The **IRD open interest** is up 19.4% on same period last year

INTEREST RATE DERIVATIVE CONTRACTS

IRD CONTRACTS TRADED

The number of IRD contracts traded YTD is flat as compared to 2019 equivalent period. However, large growth was seen in Bond options, Govi and Index futures albeit off a small base.

Listed IRD CONTRACTS TRADED							
YTD - Contracts	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	1 872 040	19 110	891	2 750	-	-	1 894 791
2020	1 808 945	77 201	2 478	3 205	-	-	1 891 829
Growth	-3.4%	304.0%	178.1%	16.5%	0.0%	0.0%	-0.2%

IRD VALUE TRADED

The value traded YTD is 3.1% higher than 2019 equivalent period with large increases seen in Bond options and Govi futures.

IRD VALUE TRADED YTD (Rm)							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	R 180 384	R 10	R 5 683	R 13 759	R 0	R 0	R 199 836
2020	R 176 702	R 121	R 17 443	R 11 691	R 0	R 0	R 205 958
Growth	-2.0%	1058.9%	207.0%	-15.0%	0.0%	0.0%	3.1%

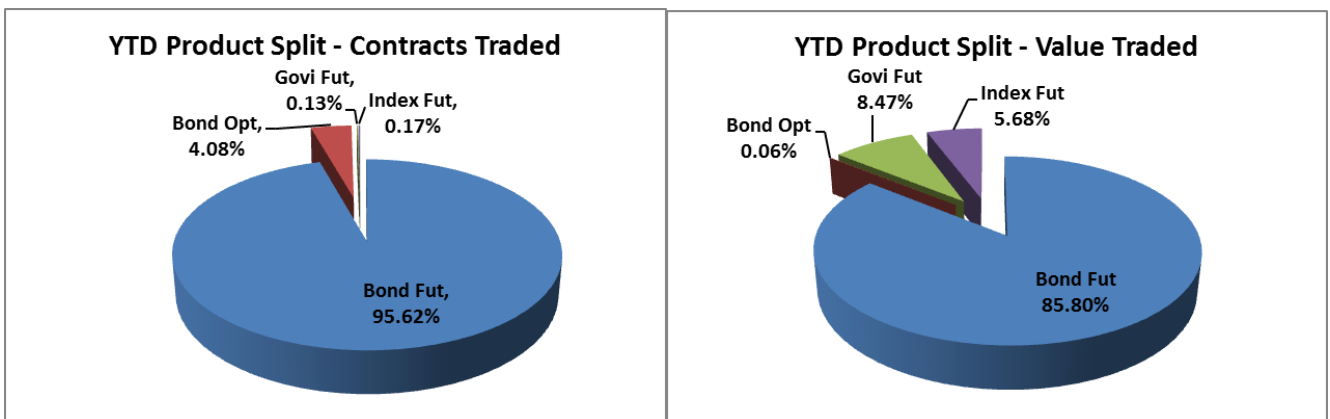
IRD OPEN INTEREST

The 2020 Open Interest is up 19.4% up on the equivalent period last year.

IRD OPEN INTEREST YTD							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2019	1 118 795	143 550	480	1 861	-	51	1 264 737
2020	1 183 158	324 248	1 353	1 609	-	-	1 510 368
Growth	5.8%	125.9%	181.9%	-13.5%	0.0%	0.0%	19.4%

IRD PRODUCT SPLIT IN CONTRACTS AND VALUE TRADED

While **GOVI and Index Futures** account for only 0.2% of contracts booked in the IRD market, they account for almost 14% 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**.

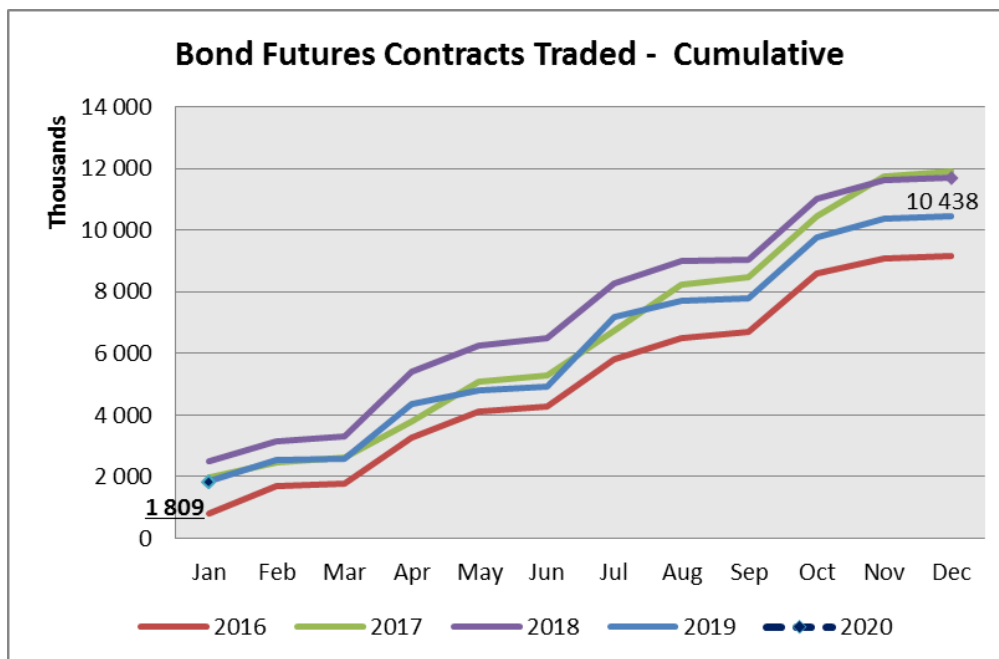
The four close-out periods (month preceding and month of close-out) for 2016-2019 are provided in terms of contracts traded in a table below. A total of 2.8m million contracts were traded in the November close-out period, 1.4% higher than those traded during the same close-out period in 2018. The Feb 2020 close-out has not been included in this table.

ALL IRD CONTRACTS (in 2-mth periods)						
Close-Out (2-mth)	2016	2017	2018	2019	2020	% Chg 2019/18
Close-Out 1 (Feb)	1 732 666	2 454 909	3 291 708	2 609 366		-20.7%
Close-Out 2 (May)	2 400 933	2 490 915	2 973 062	2 518 022		-15.3%
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 3.4% lower than equivalent period previous year.

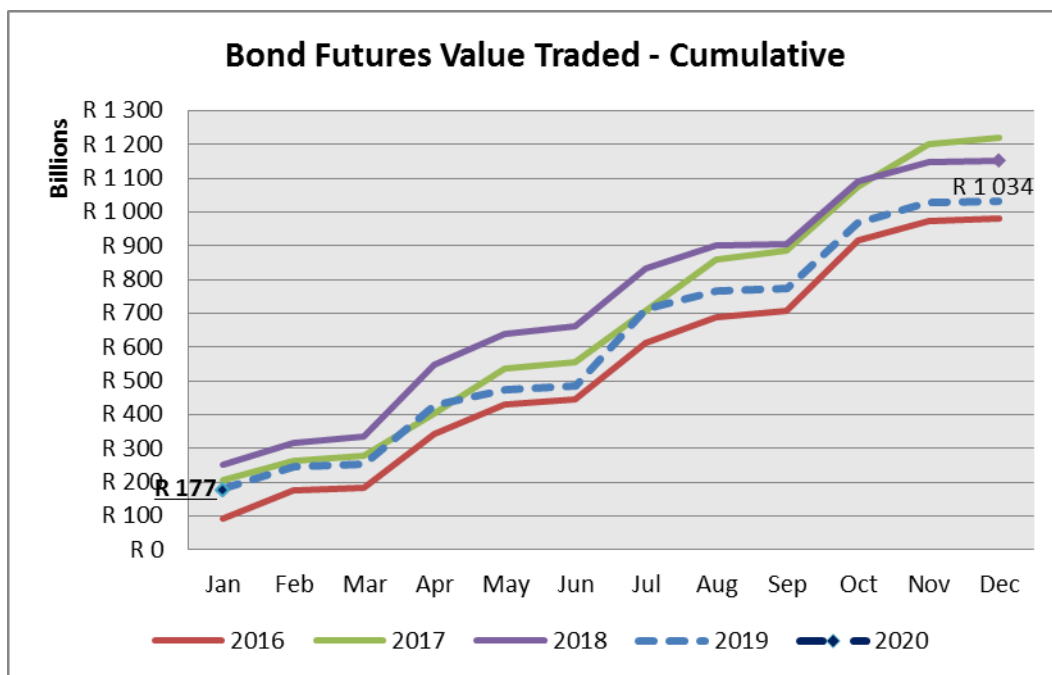


The table below provides a **historical non-cumulative** breakdown in terms of Bond Futures contracts traded per month.

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		5.1%	
Mar	79 520	148 066	184 080	71 194		-61.3%	
Apr	1 490 182	1 168 792	2 071 717	1 778 197		-14.2%	
May	854 135	1 322 123	868 973	434 577		-50.0%	
Jun	134 452	177 529	241 609	121 845		-49.6%	
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	1 808 945	-10.7%	-3.4%

BOND FUTURES: VALUE TRADED

The graph below highlights the historical cumulative value traded over the past few years. There has been an **2.0% decrease in value traded** year-to-date (R176 billion) compared to value traded in 2019 (R180 billion).

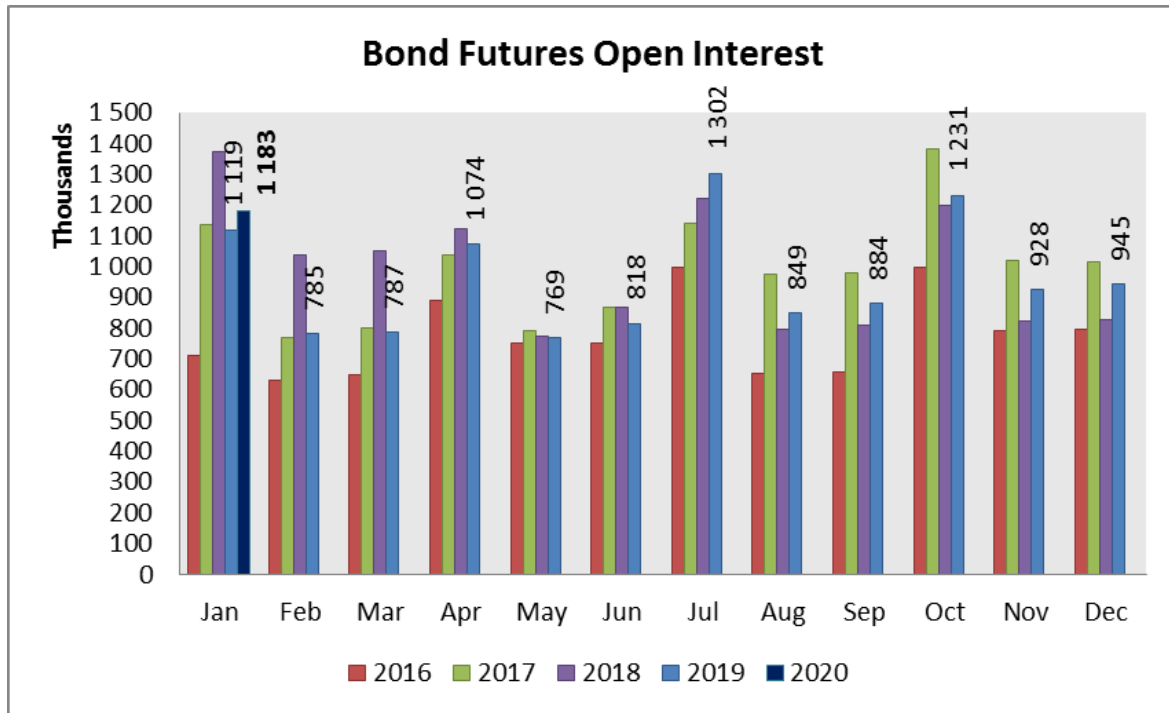


The following table provides a historical **non-cumulative** breakdown in terms of Bond Futures value traded per month.

Bond Futures Value Traded Rm							
Date	2016	2017	2018	2019	2019	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		2.4%	
Mar	R 8 122	R 15 689	R 18 820	R 7 378		-60.8%	
Apr	R 159 522	R 128 361	R 212 944	R 177 545		-16.6%	
May	R 87 612	R 131 736	R 91 403	R 44 429		-51.4%	
Jun	R 13 129	R 19 049	R 22 502	R 11 983		-46.7%	
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 176 702	-10.3%	-2.0%

BOND FUTURES: OPEN INTEREST

Bond Futures Open interest was 1,183k contracts as at month end which is 5.8% more than that at the end of the equivalent month in previous year.

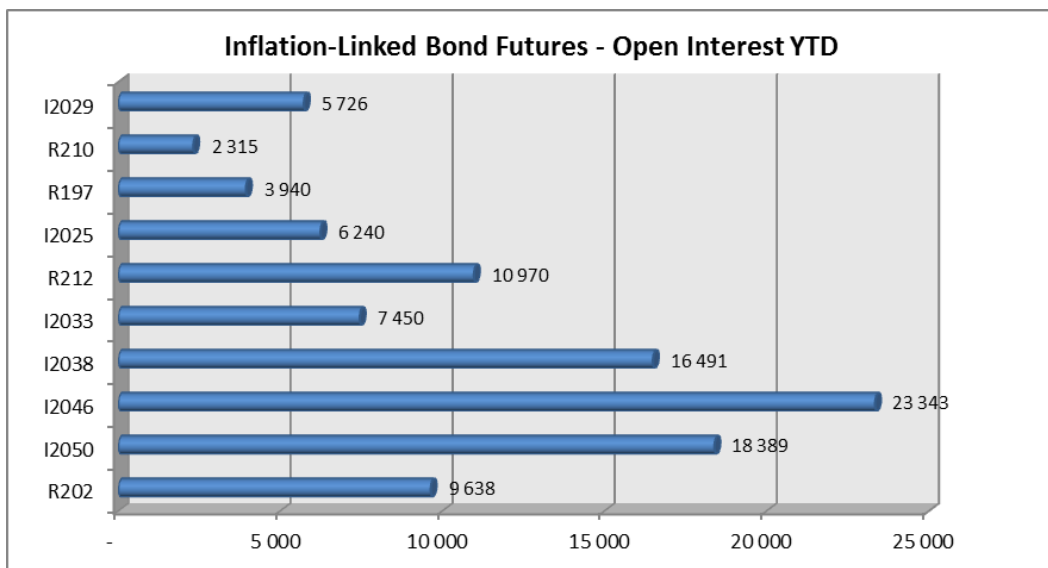
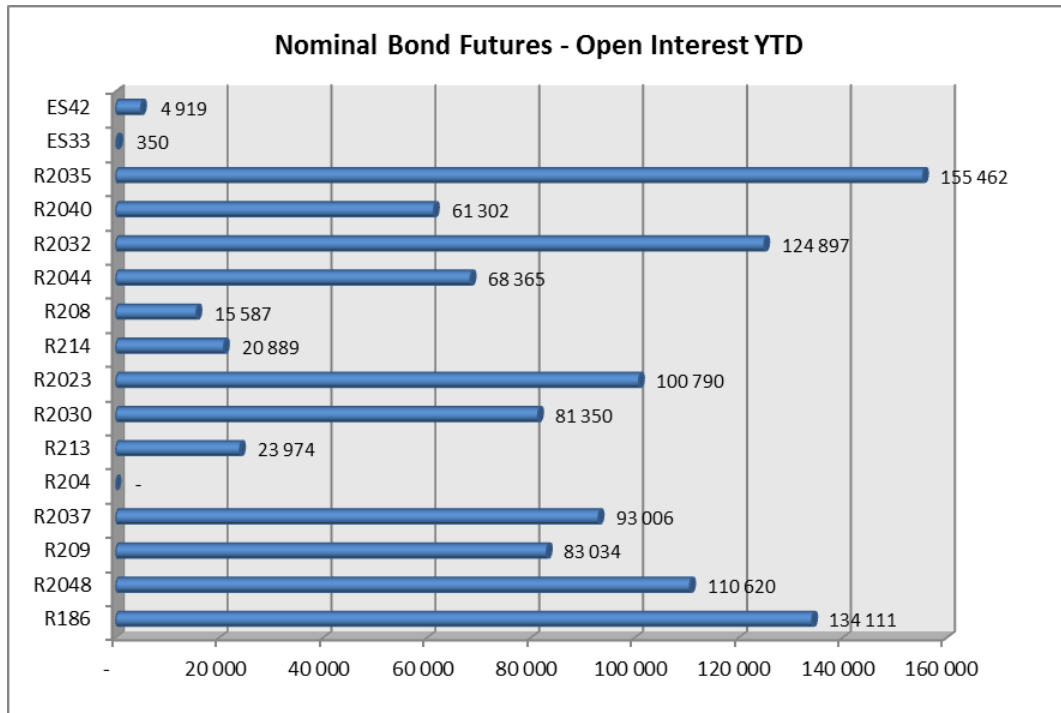


The table provides the total Bond Futures open interest contracts as at the end of each month.

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		-24.4%	
Mar	650 335	801 800	1 052 470	787 390		-25.2%	
Apr	890 406	1 037 427	1 126 181	1 073 638		-4.7%	
May	752 370	794 207	777 714	769 139		-1.1%	
Jun	753 049	868 162	870 652	817 539		-6.1%	
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%	

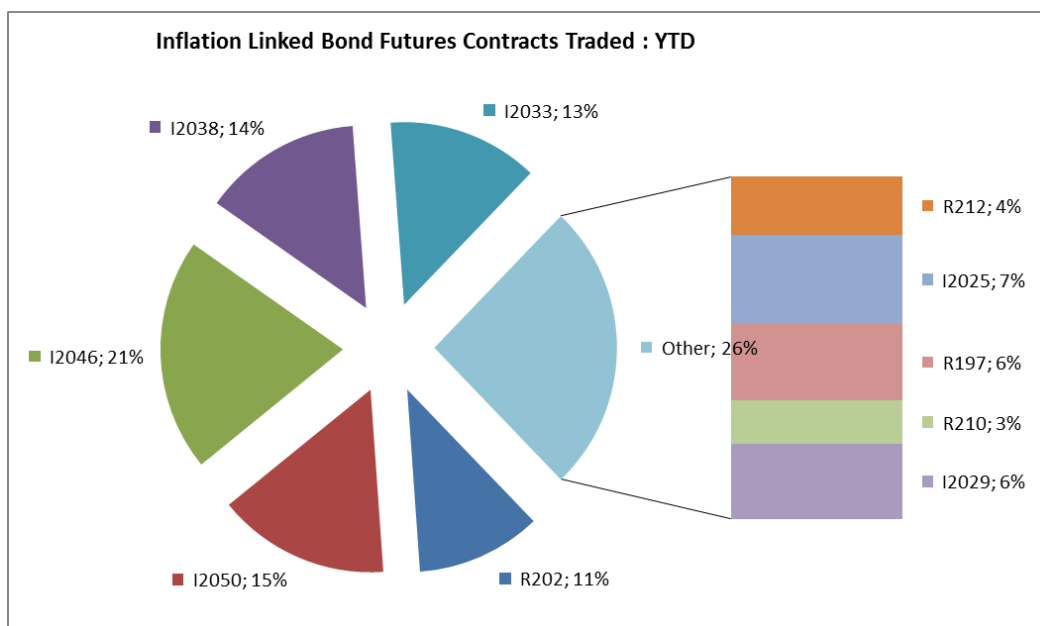
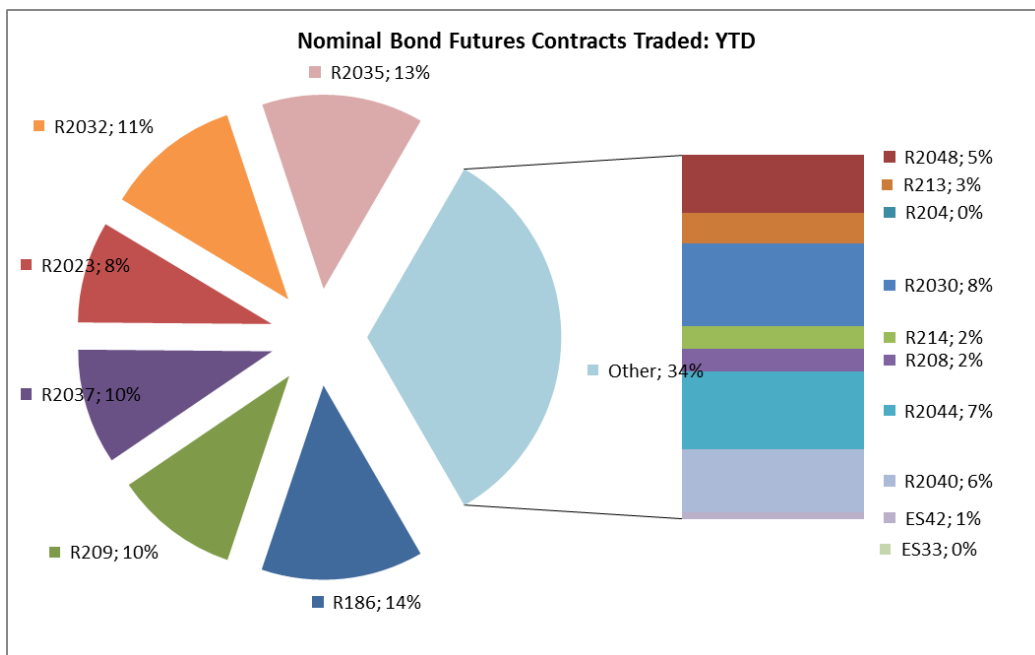
BOND FUTURES: OPEN INTEREST PER INSTRUMENT

Charts display the open interest for Nominal and Inflation-Linked Bond Futures as at month end.



SINGLE BOND FUTURE CONTRACTS

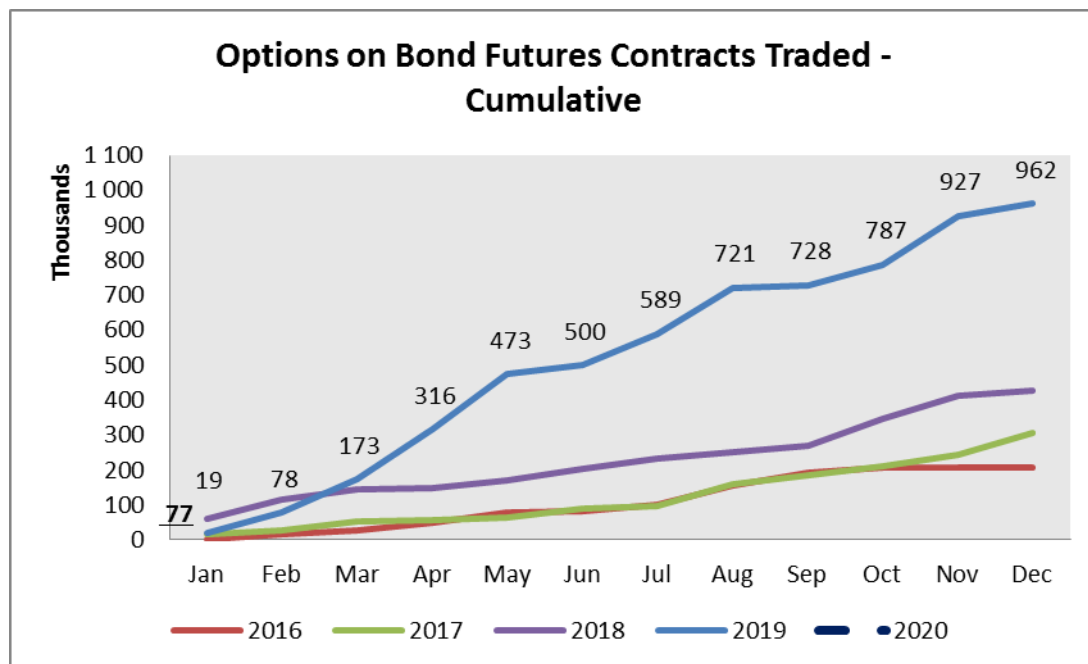
The chart shows all the single Nominal Bond Futures and Inflation Bond Futures traded year to date and ranks them according to number of contracts traded. The percentage split between Nominal / Inflation Bond Futures contracts is about 91% / 9%.



OPTIONS ON BOND FUTURES

OPTIONS ON BOND FUTURES: CONTRACTS TRADED YTD

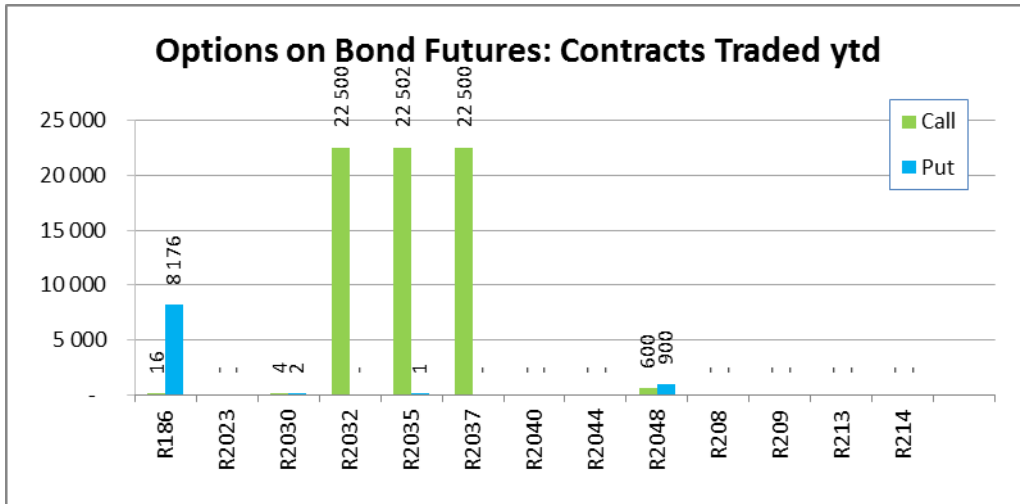
The contracts traded year-to-date was up 304% on the previous period.



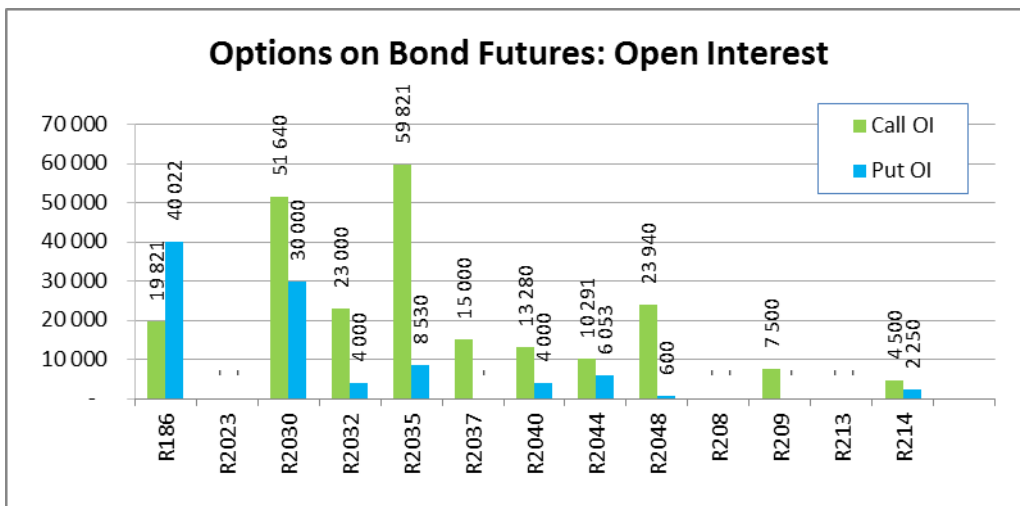
The table below provides a **historical non-cumulative** breakdown in terms of Options on Bond Futures contracts traded per month.

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		7.4%	
Mar	8 812	25 538	28 832	95 276		230.5%	
Apr	22 435	5 400	5 558	143 016		2473.2%	
May	29 048	8 862	20 150	157 005		679.2%	
Jun	5 775	23 320	34 432	26 470		-23.1%	
Jul	18 285	8 019	28 655	88 896		210.2%	
Aug	54 921	63 882	17 260	131 864		664.0%	
Sep	36 208	22 555	19 612	7 489		-61.8%	
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%	
TOTAL	205 539	307 322	428 713	961 911	77 201	124.4%	304.0%

OPTIONS ON BOND FUTURES: CONTRACTS TRADED PER INSTRUMENT



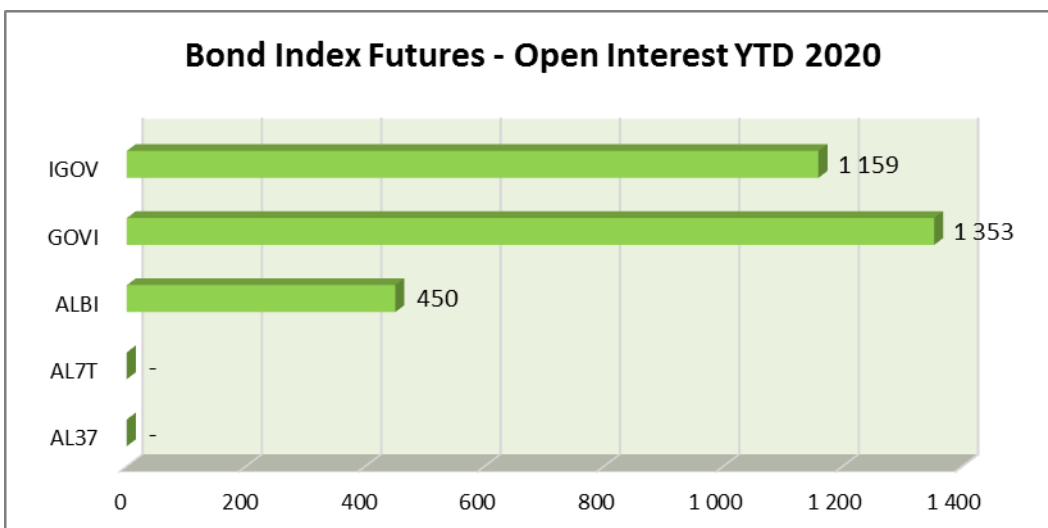
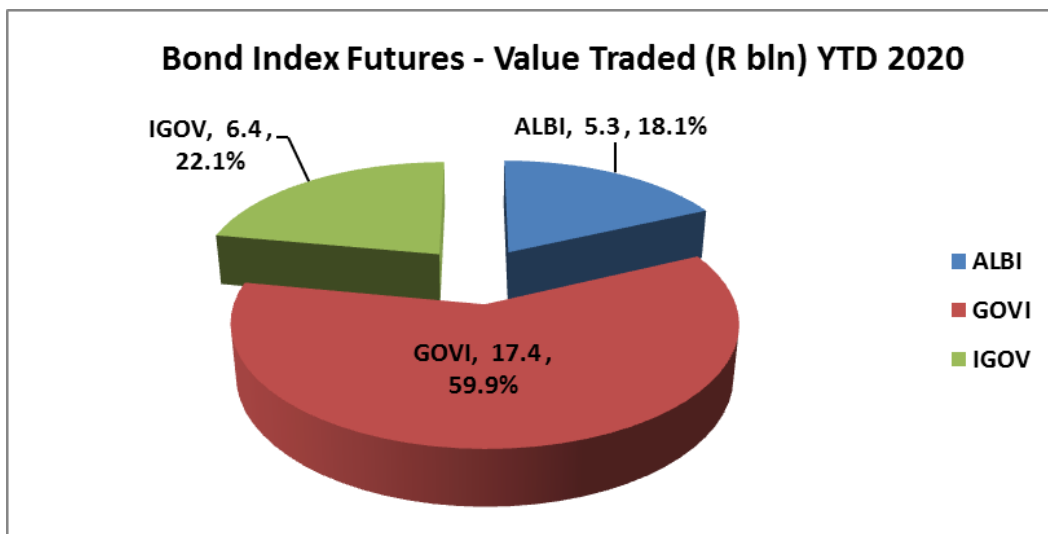
OPTIONS ON BOND FUTURES: OPEN INTEREST PER INSTRUMENT



BOND INDEX FUTURES

BOND INDEX FUTURES: VALUE TRADED YTD

The chart below provides a breakdown of the Govi and other Bond Index Futures in terms of value traded and open interest year-to-date



Please contact irc@jse.co.za should you have any questions on this document or require further information.