

JSE
INTEREST RATE DERIVATIVES
MONTHLY VIEW

March 2021

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

- Activity in the 2021 year has been lower than the equivalent period in 2020. The total **IRD contracts traded** at 3.05m is down 12% compared to previous year.
- **Bond futures** activity is mixed with contracts 10% down while open interest is 1.5% up
- **Bond options** is substantially lower from a buoyant Q1 2020
- The **IRD open interest**, indicative of the outstanding risk being traded/hedged, is down 15% with the bond futures open interest slightly up 1.5%
- The **Govi and Bond Index Futures value traded** was R29bln, down 14% from last year
- The **Jibar futures** saw 80k contracts traded in the first 2 months
- **In summary, bond futures activity holding steady with a flat to slightly higher open interest, while bond options and index contracts activity lower in 2021**

INTEREST RATE DERIVATIVE CONTRACTS

IRD CONTRACTS TRADED

The number of IRD contracts traded YTD is -12% down from 2020 equivalent period. This lower activity is across the board and more pronounced in the bond option activity.

Listed IRD CONTRACTS TRADED							
YTD - Contracts	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2020	3,140,327	324,351	2,671	3,912		-	3,471,261
2021	2,838,539	122,928	2,071	3,530	80,871		3,047,939
Growth	-9.6%	-62.1%	-22.5%	-9.8%	-	0.0%	-12.2%

IRD VALUE TRADED

The value traded YTD is -11% lower than 2020 equivalent period with a total of R301bln notional.

IRD VALUE TRADED YTD (Rm)							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2020	R 304,171	R 510	R 18,799	R 15,368	R 0	R 0	R 338,848
2021	R 269,834	R 251	R 15,734	R 13,721	R 1,932	R 0	R 301,472
Growth	-11.3%	-50.8%	-16.3%	-10.7%	-	0.0%	-11.0%

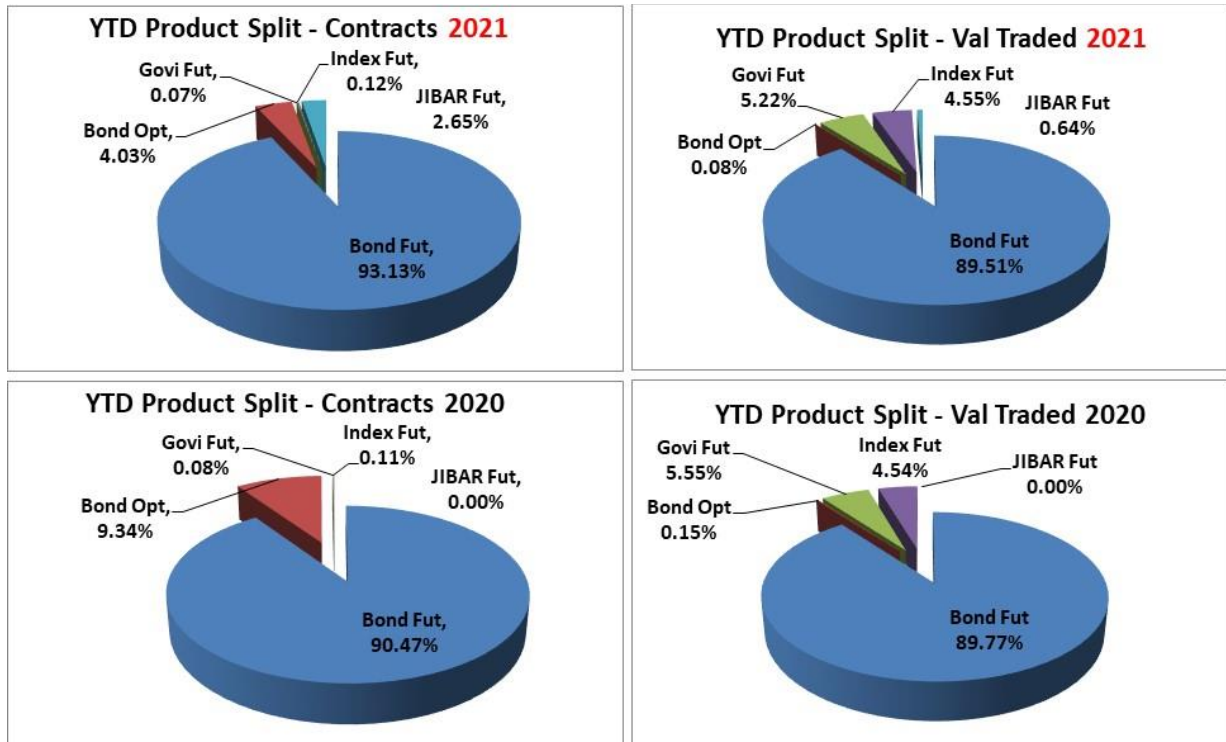
IRD OPEN INTEREST

The overall Open Interest is -15% down, but the bond futures maintain their open positions as compared to previous year

IRD OPEN INTEREST YTD							
Period	Bond Fut	Bond Opt	Govi Fut	Index Fut	JIBAR Fut	SWAP Fut	Total
2020	1,027,896	426,139	1,181	1,191	-	51	1,456,458
2021	1,043,823	155,717	1,001	1,196	30,471	51	1,232,259
Growth	1.5%	-63.5%	-15.2%	0.4%	-	0.0%	-15.4%

IRD PRODUCT SPLIT IN CONTRACTS AND VALUE TRADED

The **GOVI and Index Futures** represent 0.18% of all contracts traded and 10% of value traded YTD.



TWO_MONTH CLOSE OUT PERIOD VOLUME (ALL IRD CONTRACTS)

Participants usually start to roll positions in the month preceding close-out and, as such, 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.

All (two-month) close-out periods in 2020 reported greater than 3m contracts and double digit growth from previous year. However, the latest **Feb 2021 (2-mth) close-out period**, saw a total of 2.88 million contracts traded, 7% lower than the same close-out period in 2020

Close-Out (2-mth)	ALL IRD CONTRACTS (in 2-mth periods)						% Chg 2020/19	% Chg 2020/19
	2016	2017	2018	2019	2020	2021		
Close-Out 1 (Feb)	1,732,666	2,454,909	3,291,708	2,609,366	3,096,822	2,882,721	18.7%	-6.9%
Close-Out 2 (May)	2,400,933	2,490,915	2,973,062	2,518,022	3,218,688		27.8%	
Close-Out 3 (Aug)	2,313,032	3,050,960	2,531,742	3,008,502	3,039,576		1.0%	
Close-Out 4 (Nov)	2,399,150	3,320,386	2,749,042	2,786,833	3,081,681		10.6%	

BOND FUTURES

BOND FUTURES: CONTRACTS TRADED

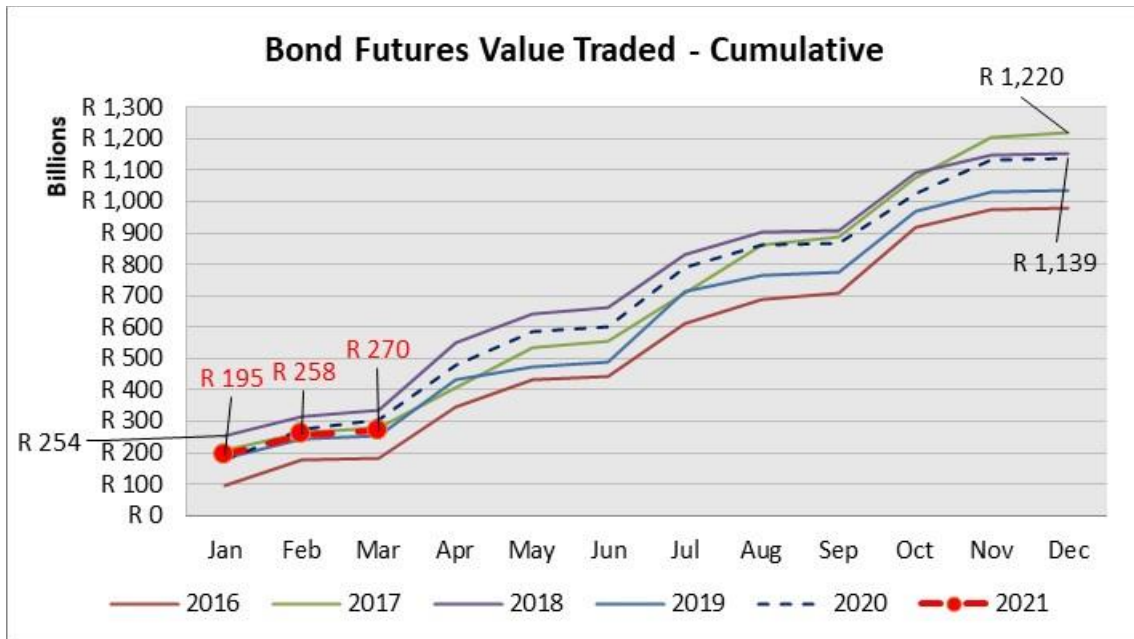
The **total cumulative contracts traded in Bond Futures** year-to-date, at 2.84m contracts, is 9.6% lower than equivalent period previous year. This lower trend contrasts the flat to slightly higher trend in the current open interest (see page 7)



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		11.6%	
May	854,135	1,322,123	868,973	434,577	1,152,932		165.3%	
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	2,838,539	18.3%	-9.6%
%Chg		30.0%	-1.9%	-10.7%	18.3%			

BOND FUTURES: VALUE TRADED

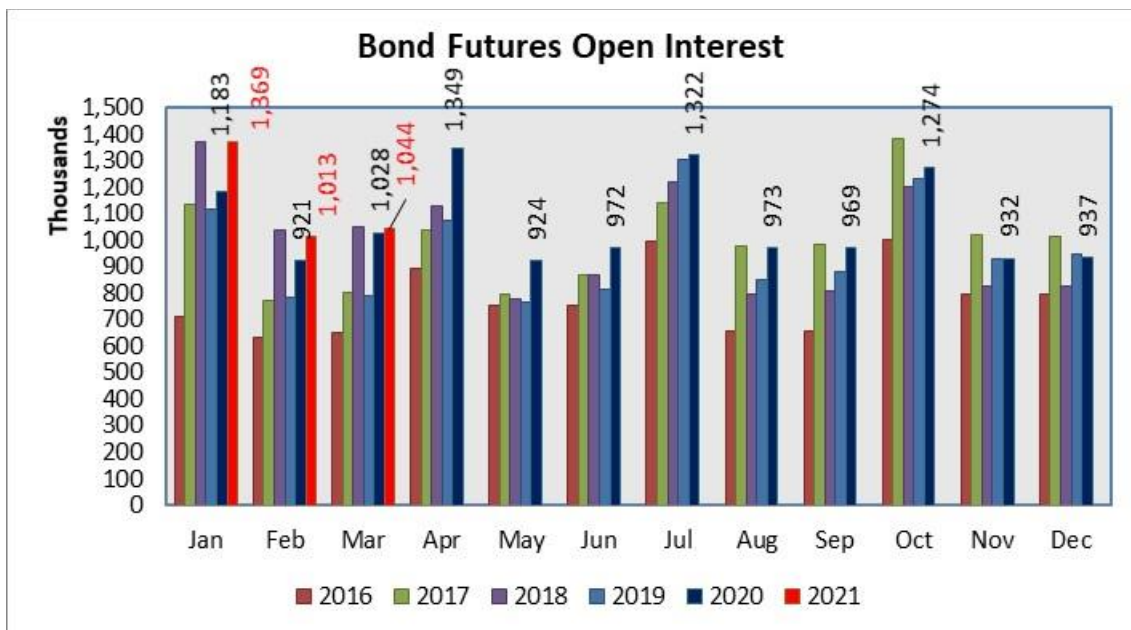
The **cumulative value traded** has seen a **11.3% decline in value traded** year-to-date compared to value traded in 2020.



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		-1.8%	
May	R 87,612	R 131,736	R 91,403	R 44,429	R 106,329		139.3%	
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	R 980,519	R 1,219,888	R 1,153,345	R 1,034,049	R 1,138,999	R 269,834	10.1%	-11.3%
%Chg		24.4%	-5.5%	-10.3%	10.1%			

BOND FUTURES: OPEN INTEREST

Bond Futures Open interest at month end was 1,043k contracts which is 1.5% higher than that of the equivalent month in previous year. This is in line (and only slightly lower) than the 2018 level. The open positions, indicative of outstanding risk being hedged and traded, continues to remain higher than last year, which contrasts with the lower volumes going through the market.

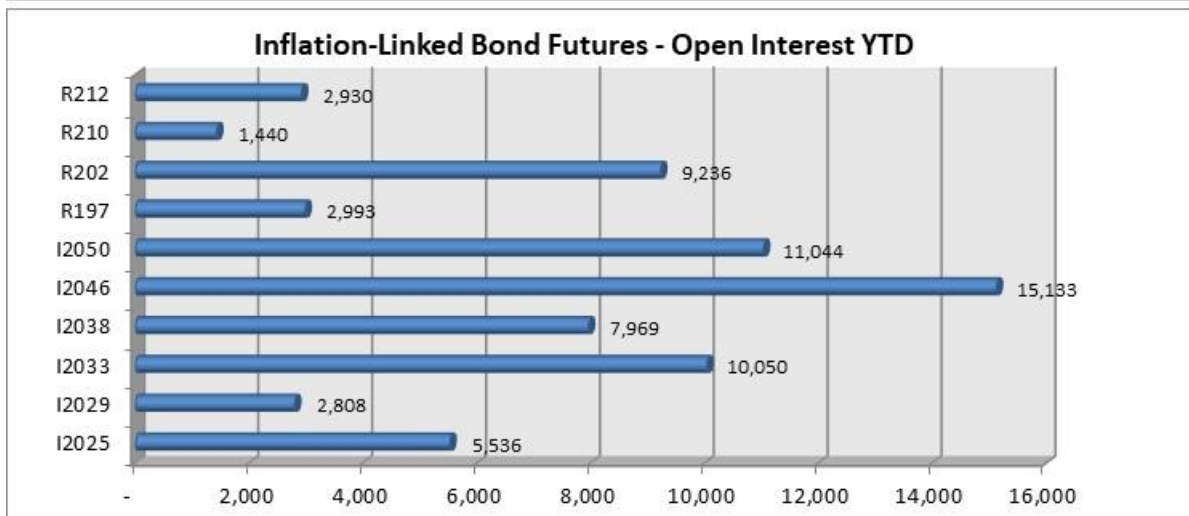
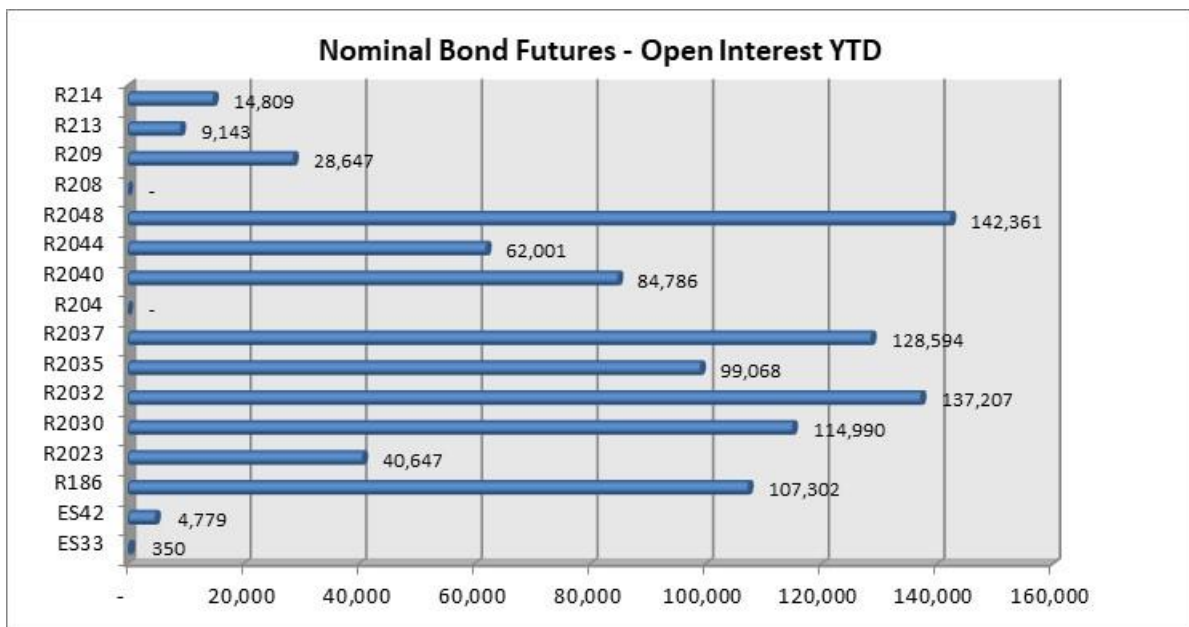


Bond Futures Open Interest								
Date	2016	2017	2018	2019	2020	2021	Chg 20/19	Chg 21/20
Jan	713,913	1,137,425	1,372,543	1,118,795	1,183,158	1,368,771	5.8%	15.7%
Feb	633,062	770,321	1,037,493	784,852	921,269	1,012,584	17.4%	9.9%
Mar	650,335	801,800	1,052,470	787,390	1,027,896	1,043,823	30.5%	1.5%
Apr	890,406	1,037,427	1,126,181	1,073,638	1,349,483		25.7%	
May	752,370	794,207	777,714	769,139	923,863		20.1%	
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 R2032, R2037 and R2048 all above 125k open contracts (> R12.5 bln nominal value).

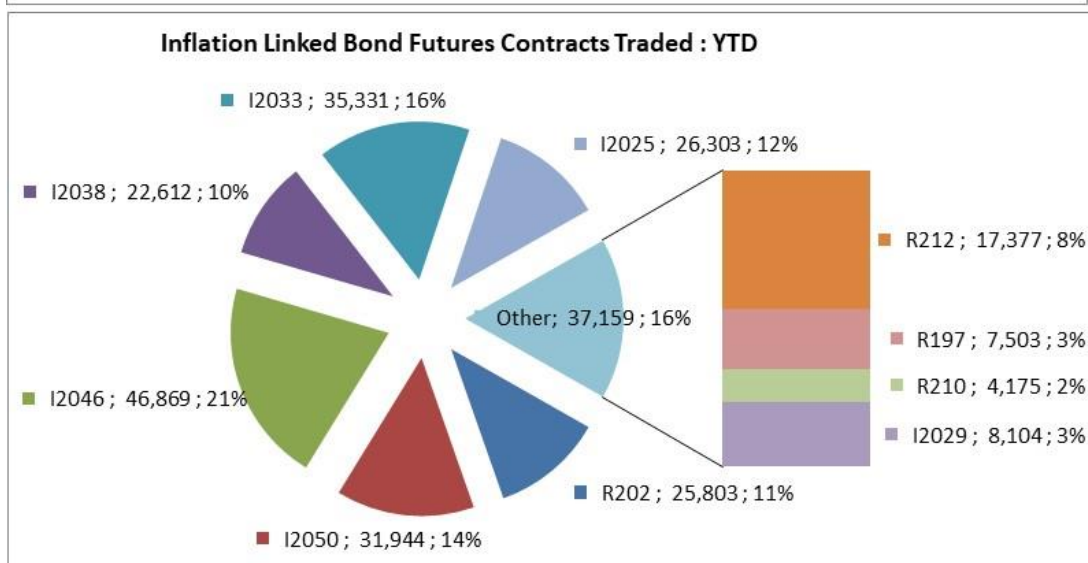
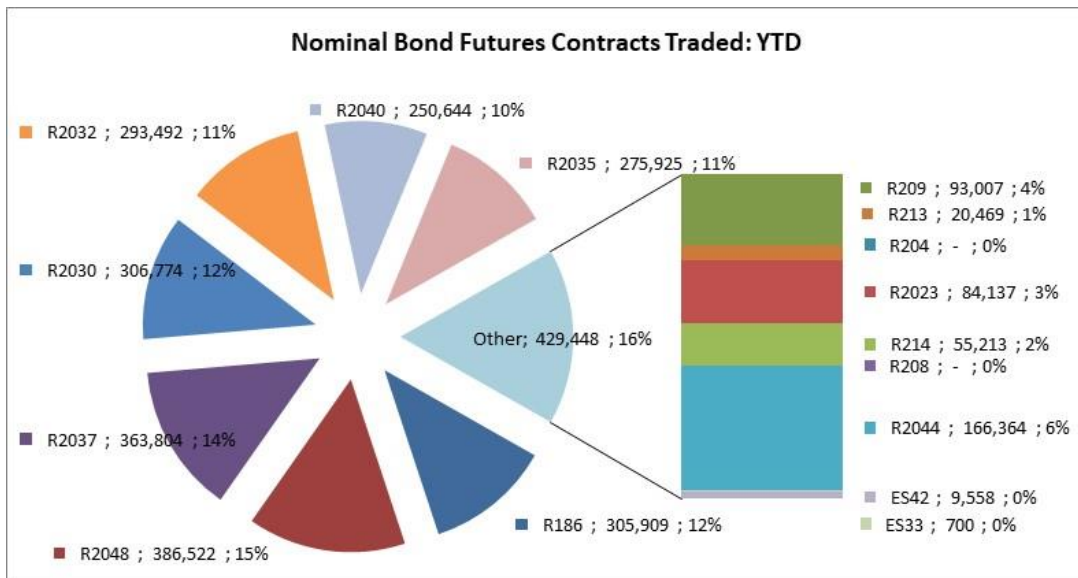
Open Interest Table: YTD			
	Nominal Bond	Inflation-Linkers	Total
Contracts	974,684	69,139	1,043,823
Nom Value Rm	97,468	6,914	104,382
%	93.4%	6.6%	100.0%



SINGLE BOND FUTURE CONTRACTS

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

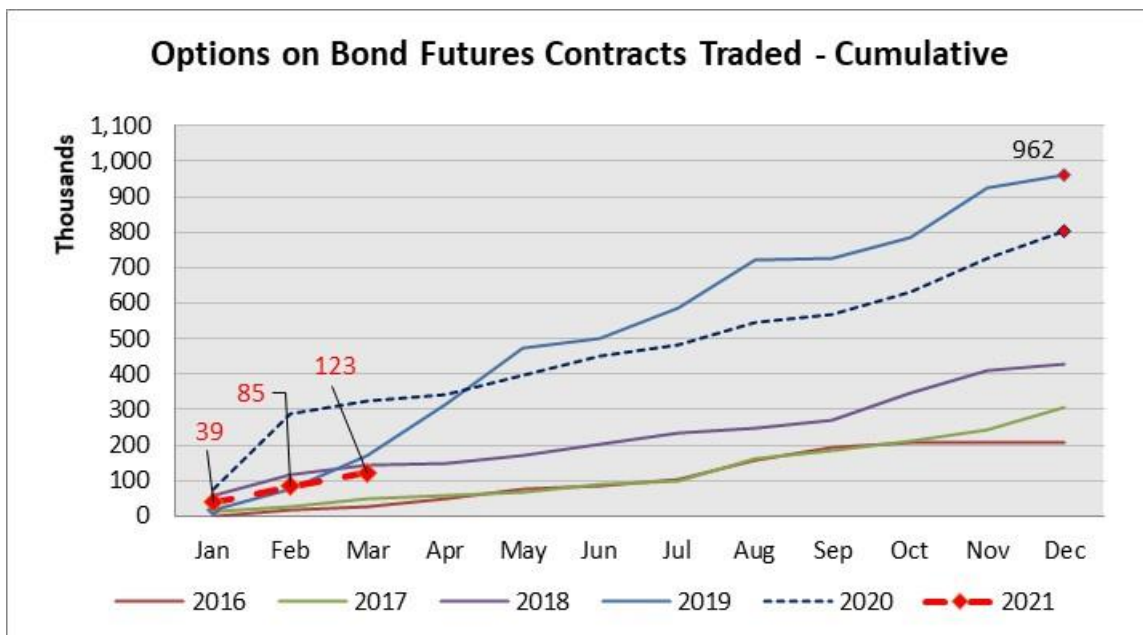
Total Contracts Traded ytd			
	Nominal Bond	Inflation-Linkers	Total
Contracts	2,612,518	226,021	2,838,539
Nom Value Rm	261,252	22,602	283,854
%	92.0%	8.0%	100.0%



OPTIONS ON BOND FUTURES

OPTIONS ON BOND FUTURES: CONTRACTS TRADED YTD

The start of 2021 has seen much lower activity (down 62%) on the equivalent period in the previous year. This was a result of the high activity seen in Q1 2020, with a more normalised activity through the rest of 2020.

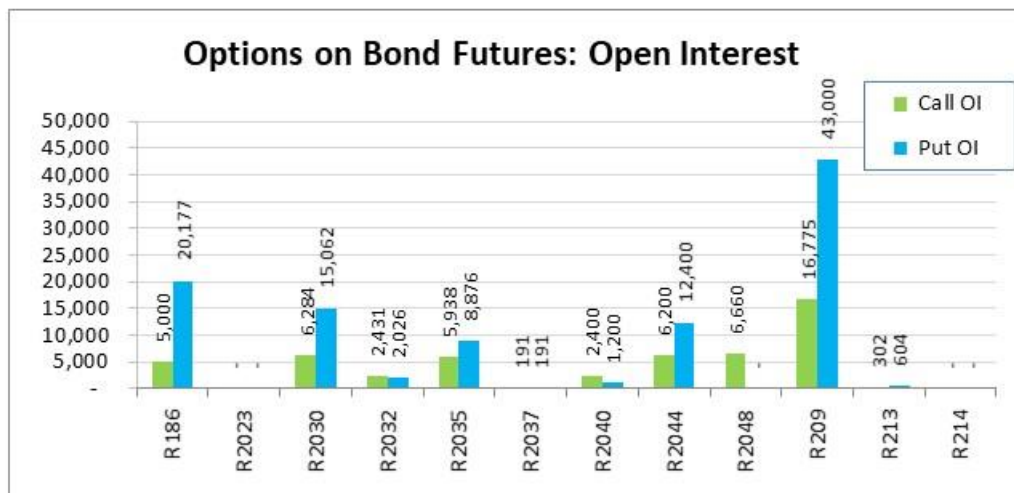
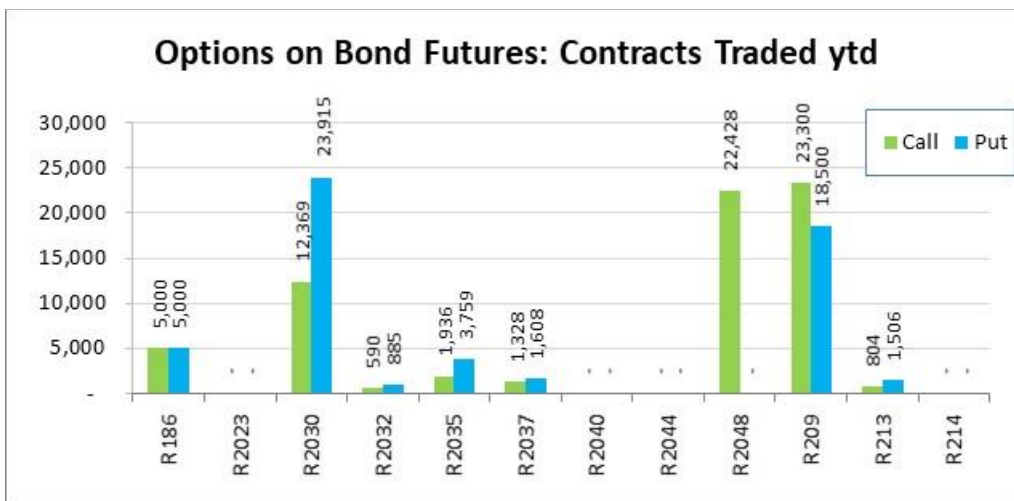


Options on Bond Futures Contracts Traded								
Date	2016	2017	2018	2019	2020	2021	Chg 20/19	Chg 21/20
Jan	-	14,483	60,405	19,110	77,201	38,681	304.0%	-49.9%
Feb	17,536	11,415	54,977	59,033	210,210	46,540	256.1%	-77.9%
Mar	8,812	25,538	28,832	95,276	36,940	37,707	-61.2%	2.1%
Apr	22,435	5,400	5,558	143,016	17,731		-87.6%	
May	29,048	8,862	20,150	157,005	56,719		-63.9%	
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	122,928	-16.5%	-62.1%
%Chg		49.5%	39.5%	124.4%	-16.5%			

OPTIONS ON BOND FUTURES: CONTRACTS TRADED AND OPEN INTEREST

Activity in options dominated by trade in 3 underlying bonds traded: R2030, R209 and R2048. The option open interest highlights twice as many open put positions relative to calls. The 155k open interest represents options on R15.5 bln underlying nominal value.

Options on Bond Futures				
	Contracts ytd		Open Interest	
Calls	67,755	55.1%	52,181	33.5%
Puts	55,173	44.9%	103,536	66.5%
Total	122,928	100.0%	155,717	100.0%

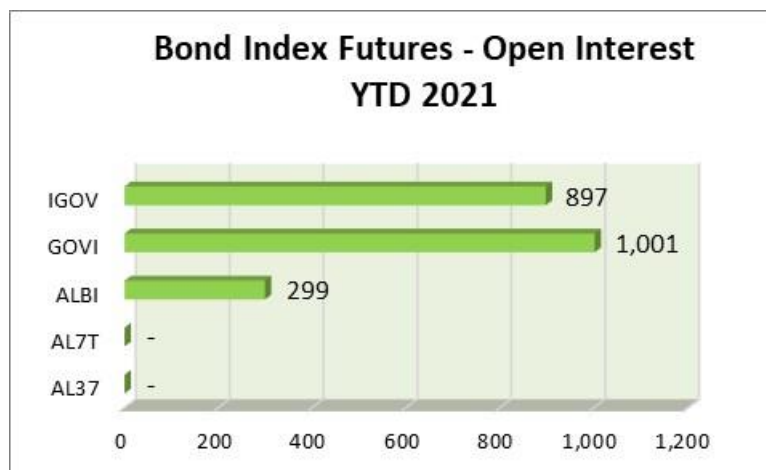
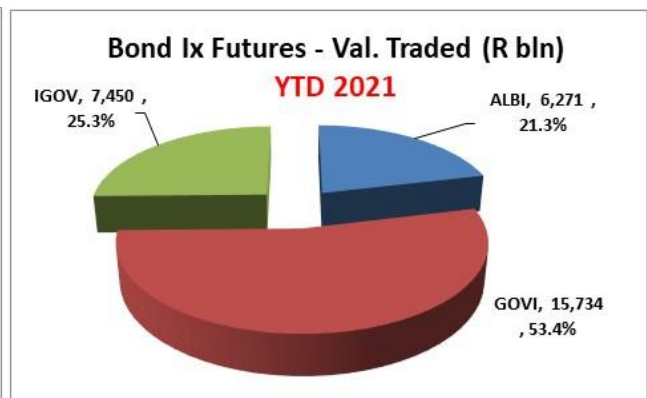
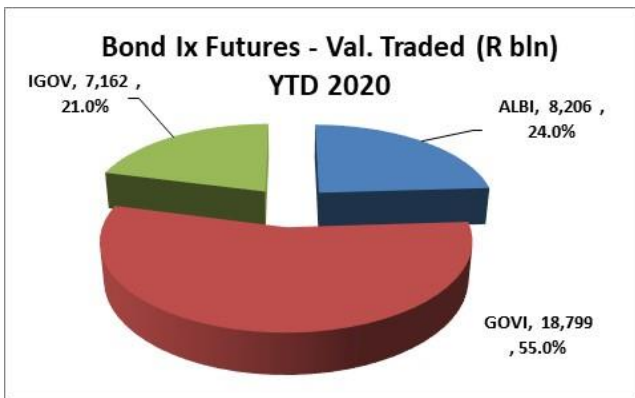


BOND INDEX FUTURES

BOND INDEX FUTURES: VALUE TRADED YTD

The total Bond Index futures value traded ytd was R29bln, down from R34bln in equivalent period last year. The GOVI is the most active with 53% of all bond index futures value traded.

Bond Index Futures - Value Traded Rbln ytd			
	2020	2021	% Change
ALBI	8,206	6,271	-23.6%
GOVI	18,799	15,734	-16.3%
IGOV	7,162	7,450	4.0%
Total	34,167	29,455	-13.8%



For any queries, please contact irc@jse.co.za