

# Benchmark Rates Liquidity Monitor

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September 2021 | Issue 8

Both EURIBOR and ESTR swaps trading volumes picked up after the summer break. GBP LIBOR swaps continue to be well below SONIA volumes, but trading activity in the LIBOR benchmark picked up in September. SOFR trading continues rising at an accelerated pace. JPY TONA close to overtaking JPY LIBOR volumes.

## EUR

ESTR monthly trading volumes in September approached 100bln. (**Chart 1**) according to the Swapsinfo data. This is well above April highs at 45bln. Overall trading activity in ESTR has been also improving with monthly trade count reaching 350 trades (**Chart 2**). One of the factors driving the pickup in ESTR trading could be EONIA to ESTR swaps conversion scheduled at LCH in October. EONIA and ESTR to EURIBOR trading ratios remain consistent (**Charts 9 and 10**). The improved trade count in ESTR still does not match EONIA across any tenor (**Charts 17 and 18**). In fact, September brought a substantial increase in EONIA trading (possibly ahead of LCH October conversion) that makes ESTR improvements relatively small<sup>1</sup>.

## GBP

The transition from GBP LIBOR to SONIA in the GBP continues to progress, but the GBP LIBOR market is still active. According to the Swapsinfo data GBP LIBOR trade count in September was close to 5,000 versus 11,000 in SONIA (**Chart 4**). This reflects a pickup in trading activity in GBP LIBOR swaps on the short-end of the curve relative to SONIA (**Chart 12**).

## USD

Following the successful completion of the first phase of the SOFR First initiative, which saw interdealer conventions transition to trade SOFR linear swaps in place of USD LIBOR, and the ARRC's formal recommendation of term SOFR, SOFR use has ticked up dramatically. Both SOFR trade volume and trade count reached all-time highs in September with SOFR volumes increasing 66% and count increasing 64% over August (**Charts 5 and 6**). The ratio of OIS to USD LIBOR monthly volumes for trade longer maturities trended higher, but lower for shorter maturities (**Charts 13 and 14**).

## JPY

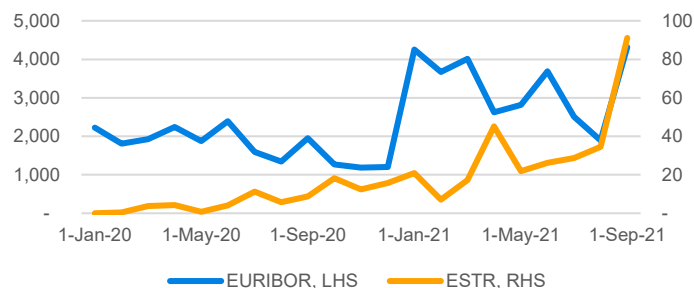
JPY TONA trading picked up significantly over the summer and reached all-time highs in September with both trade volume and trade count more than doubled over August numbers (**Charts 7 and 8**). Monthly trading volumes in JPY LIBOR and JPY TONA are almost equal at approximately 100bln. USD. In both 2Y and 10Y point, there are more volumes traded referencing TONA rather than LIBOR.

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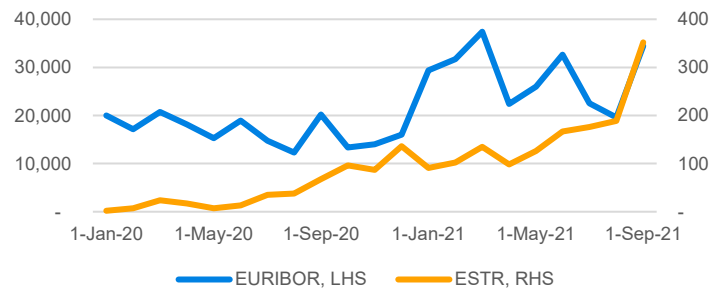
<sup>1</sup> The data behind Charts 17 and 18 (EONIA vs ESTR volumes) is obtained via Bloomberg SDR/SDRV functions while the data in Charts 1 and 2 (ESTR vs EURIBOR volumes) is based on Swapsinfo sources. Differences in data sources between these graphs, may lead to some differences in volume comparisons.

## IRS AND OIS TOTAL LIQUIDITY

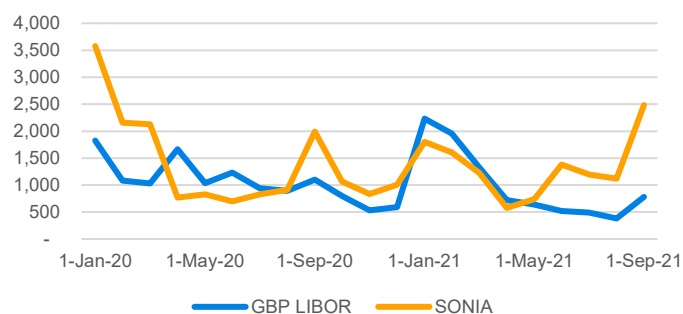
1: EURIBOR AND ESTR MONTHLY TRADING VOLUME (USD BLN)



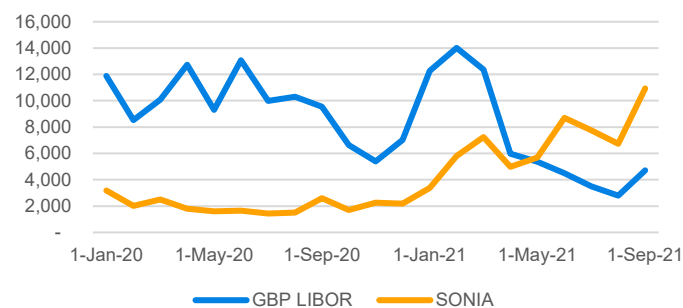
2: EURIBOR AND ESTR MONTHLY TRADE COUNT



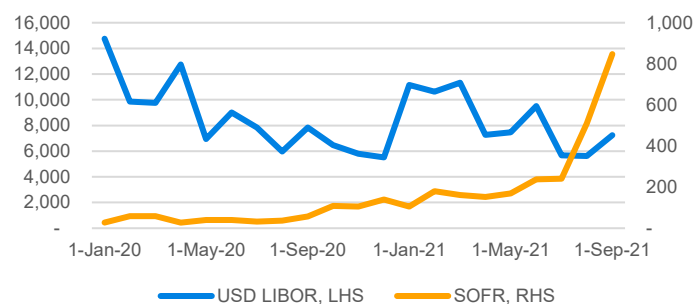
3: GBP LIBOR AND SONIA MONTHLY TRADING VOLUME (USD BLN)



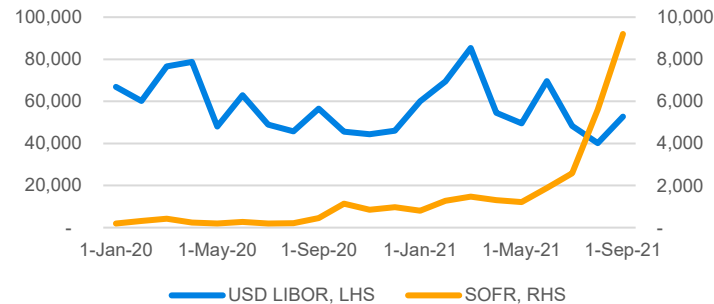
4: GBP LIBOR AND SONIA MONTHLY TRADE COUNT



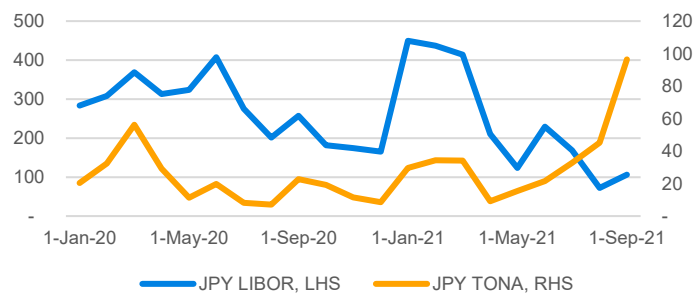
5: USD LIBOR AND SOFR MONTHLY TRADING VOLUME (USD BLN)



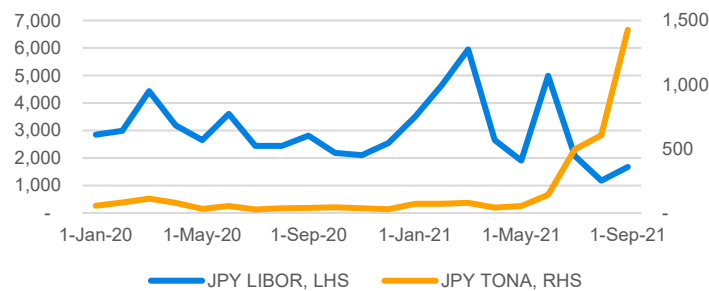
6: USD LIBOR AND SOFR MONTHLY TRADE COUNT



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

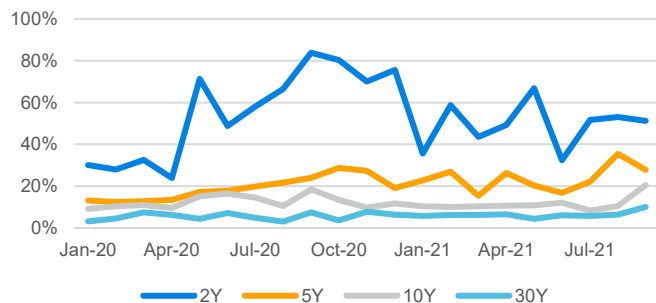


8: JPY LIBOR AND TONA MONTHLY TRADE COUNT

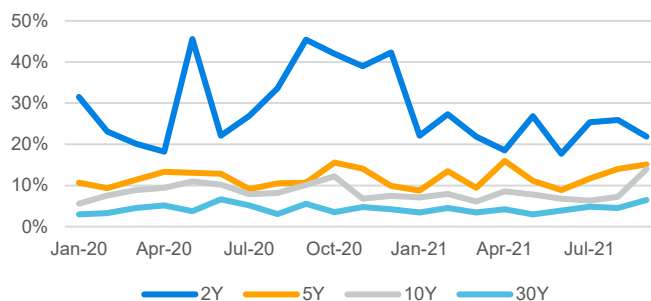


## IRS AND OIS LIQUIDITY PER TENOR

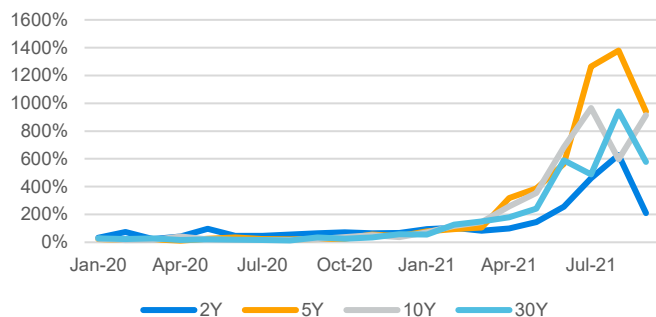
9: ESTR AND EONIA OIS TO EURIBOR IRS MONTHLY VOLUME RATIO



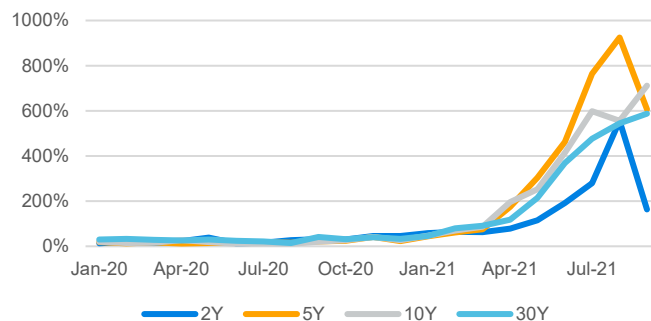
10: ESTR AND EONIA OIS TO EURIBOR IRS MONTHLY TRADE COUNT RATIO



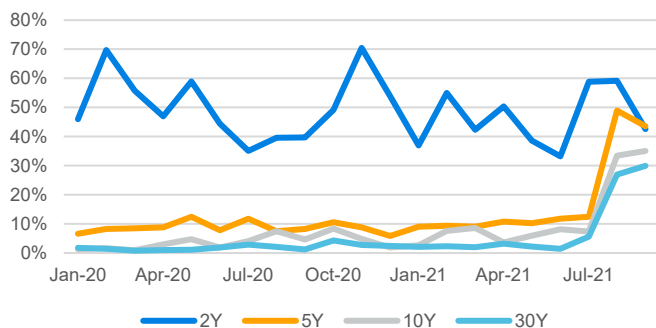
11: SONIA OIS TO GBP LIBOR IRS MONTHLY VOLUME RATIO



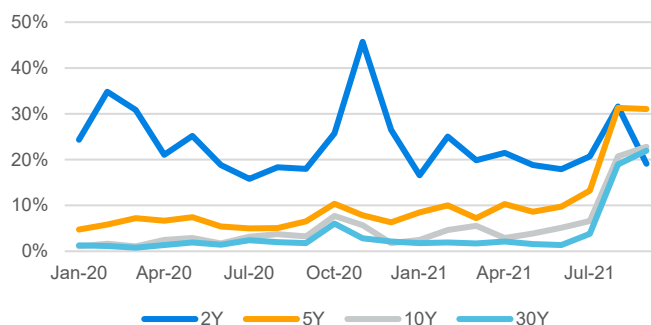
12: SONIA OIS TO GBP LIBOR IRS MONTHLY TRADE COUNT RATIO



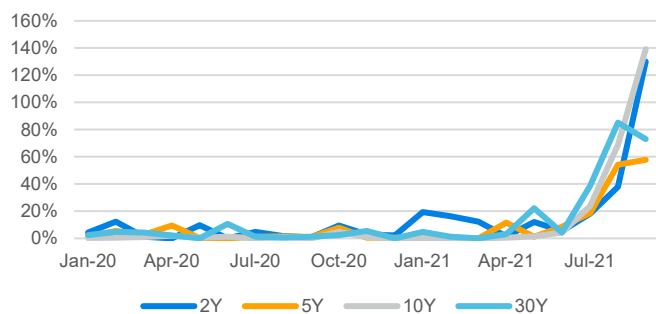
13: OIS TO USD LIBOR IRS MONTHLY VOLUME RATIO



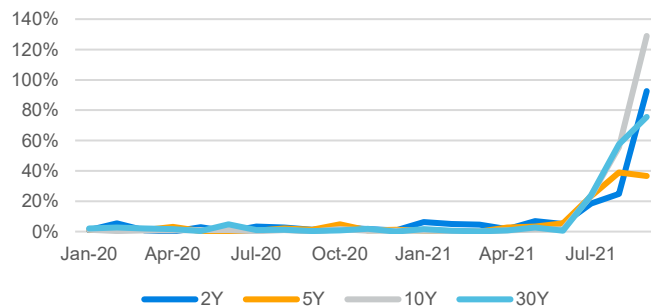
14: OIS TO USD LIBOR IRS MONTHLY TRADE COUNT RATIO



15: OIS TO JPY LIBOR IRS MONTHLY VOLUME RATIO

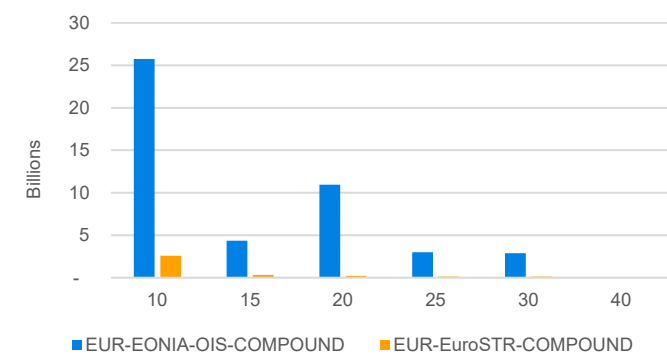


16: OIS TO JPY LIBOR IRS MONTHLY TRADE COUNT RATIO

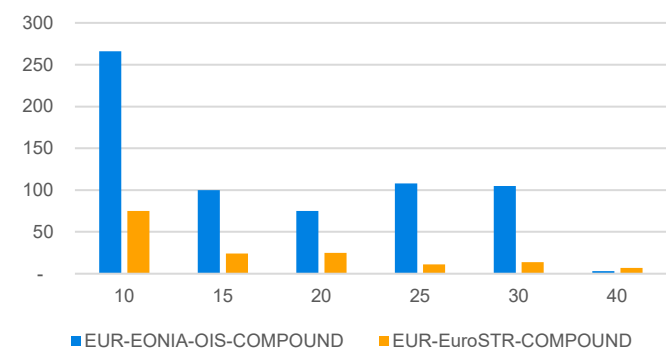


EUR OIS LIQUIDITY - SEPTEMBER 2021

17: ESTR VS EONIA TRADE VOLUME PER TENOR (EUR BLN)

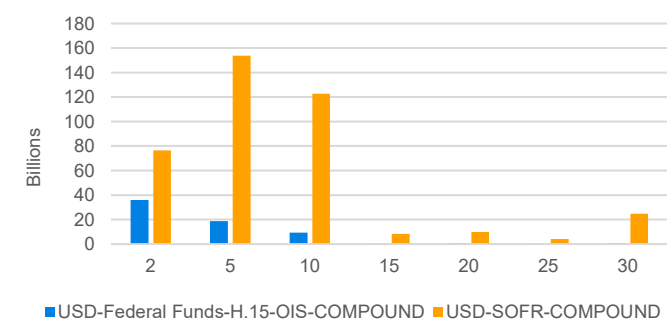


18: ESTR VS EONIA TRADE COUNT PER TENOR

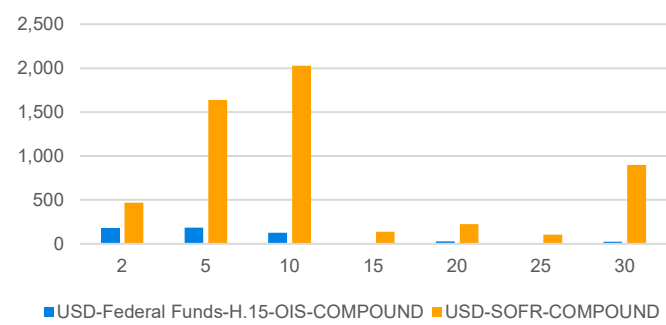


USD OIS LIQUIDITY - SEPTEMBER 2021

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



20: FED FUNDS VS SOFR TRADE COUNT PER TENOR



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