

## Introducing ENNs: A Measure of the Size of Interest Rate Swap Markets Update as of March 15, 2019

by

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The tables below provide an update on the notional and entity-netted notional (ENN) size of the CFTC-regulated interest rate market. Entity-netted notionals were introduced in a paper published in the beginning of 2018; ENNs aim to provide a measure for the amount of risk transfer in rate swaps that is comparable to measures used for other interest rate markets.<sup>2</sup> The tables below represent aggregated interest rate swap position data as of March 15, 2019.

Positions held relatively stable in the three month period since the December report. Compared to the prior released, total interest rate swap notional increased by just under 4% while total ENNs increased by just over 1%. In addition, clearing rates, as measured by ENNs, increased slightly from the December report, from 44% to 46% in aggregate. Histograms of ENNs by participant category, including in the last few ENNs reports, are again included in the figures below.

**Table 1 (updates original Table 2): Notional Amounts and ENNs by Sector (\$ Trillions)**

(1)	<u>Notional Amounts</u>		<u>Notional Amounts in 5-Year Equivalents</u>				(8)
	(2)	(3)	(4)	(5)	(6)	(7)	
<u>Sector</u>	<u>Long</u>	<u>Short</u>	<u>Long</u>	<u>Short</u>	<u>ENNs Long</u>	<u>ENNs Short</u>	<u>ENNs Net</u>
Swap Dealer	176.0	175.7	84.6	82.8	8.8	7.0	1.8
Bank	22.6	23.0	15.5	16.6	1.7	2.8	-1.1
Hedge Fund	22.7	21.3	6.3	6.4	0.8	0.9	-0.1
Asset Manager	4.3	4.5	3.3	3.5	1.0	1.2	-0.2
Insurance Corp	0.9	0.8	1.5	1.0	0.7	0.2	0.5
Pension Fund	1.7	1.7	2.3	1.8	0.8	0.3	0.5
Nonfinancial Corp	0.5	1.5	0.3	1.0	0.2	0.9	-0.7
Other Corp	0.4	0.6	0.2	0.3	0.1	0.2	-0.1
Gov't/Quasi-Gov't	1.1	1.3	0.7	1.1	0.2	0.5	-0.4
Unclassified	0.3	0.6	0.2	0.4	0.1	0.3	-0.2
CCP Adj	0.5	0.1	0.2	0.2	0.2	0.2	0.0
<b>Total</b>	<b>231.0</b>	<b>231.0</b>	<b>115.2</b>	<b>115.2</b>	<b>14.5</b>	<b>14.5</b>	<b>0.0</b>

<sup>1</sup> Office of the Chief Economist, Commodity Futures Trading Commission. While this paper was produced in the authors' official capacity, the analyses and conclusions expressed here are those of the authors and do not necessarily reflect the views of other Commission staff, the Office of the Chief Economist, or the Commission.

<sup>2</sup> The link to the original paper can be found [here](#). An update as of September 2018 can be found [here](#).

Table 2 (updates original Table 4): Notional Amounts and ENNs by product type (\$ Trillions)<sup>3</sup>

<u>Product</u>	<u>Notional Amounts</u>		<u>Notional Amounts in 5-Year Equivalents</u>	
	<u>Long</u>		<u>Long</u>	<u>ENNs Long</u>
Fixed-for-Floating Swaps	120.3		100.3	12.5
FRAs	45.6		1.9	0.2
OIS	40.0		6.7	0.8
Swaptions	15.6		5.8	0.7
Cap/Floor	9.0		0.3	0.0
CCP Adj	0.5		0.2	0.2
<b>Total</b>	<b>231.0</b>		<b>115.2</b>	<b>14.5</b>

Table 3 (updates original Table 5): Notional Amounts and ENNs by currency (\$ Trillions)

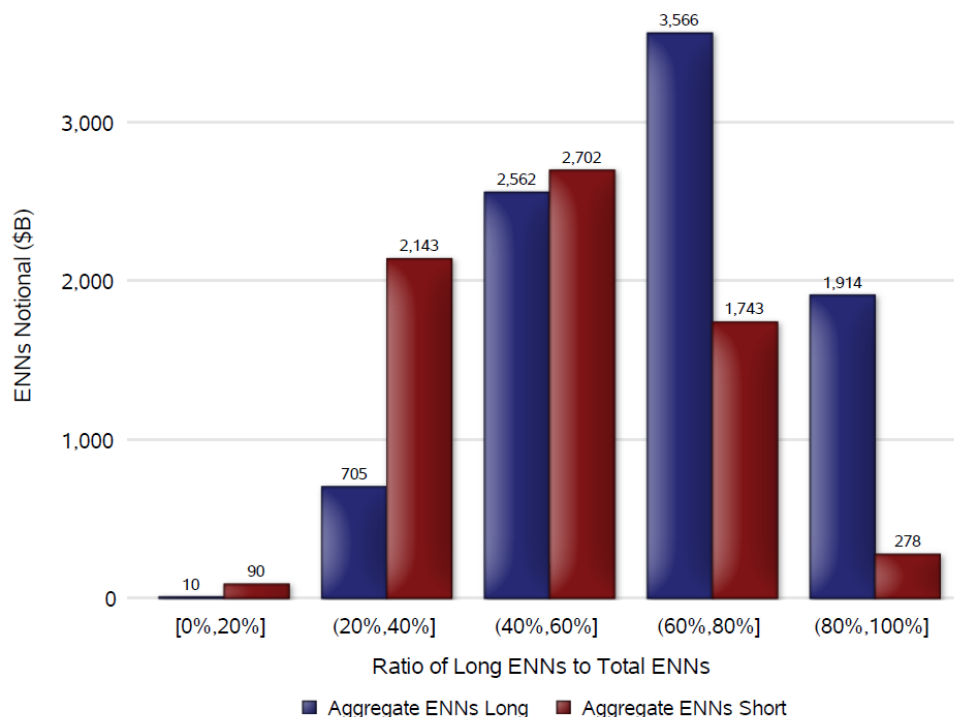
<u>Currency</u>	<u>Notional Amounts</u>		<u>Notional Amounts in 5-Year Equivalents</u>		<u>ENNs</u>	<u>ENNs</u>
	<u>Long</u>	<u>Short</u>	<u>Long</u>	<u>Short</u>	<u>Long</u>	<u>Short</u>
USD	91.3	91.5	40.6	40.5	6.6	6.6
EUR	65.5	65.7	42.0	42.0	4.2	4.2
GBP	23.5	23.6	11.6	11.5	1.4	1.4
AUD	11.8	11.8	2.7	2.7	0.2	0.2
JPY	7.6	7.6	6.2	6.2	0.5	0.6
CAD	6.9	6.9	2.7	2.7	0.2	0.2
Other	23.8	23.8	9.2	9.3	1.1	1.2
CCP Adj	0.5	0.1	0.2	0.2	0.2	0.2
<b>Total</b>	<b>231.0</b>	<b>231.0</b>	<b>115.2</b>	<b>115.2</b>	<b>14.5</b>	<b>14.5</b>

<sup>3</sup> Product-level ENNs in this table simply allocate total ENNs in the same proportions as the distribution of product-level notional amounts.

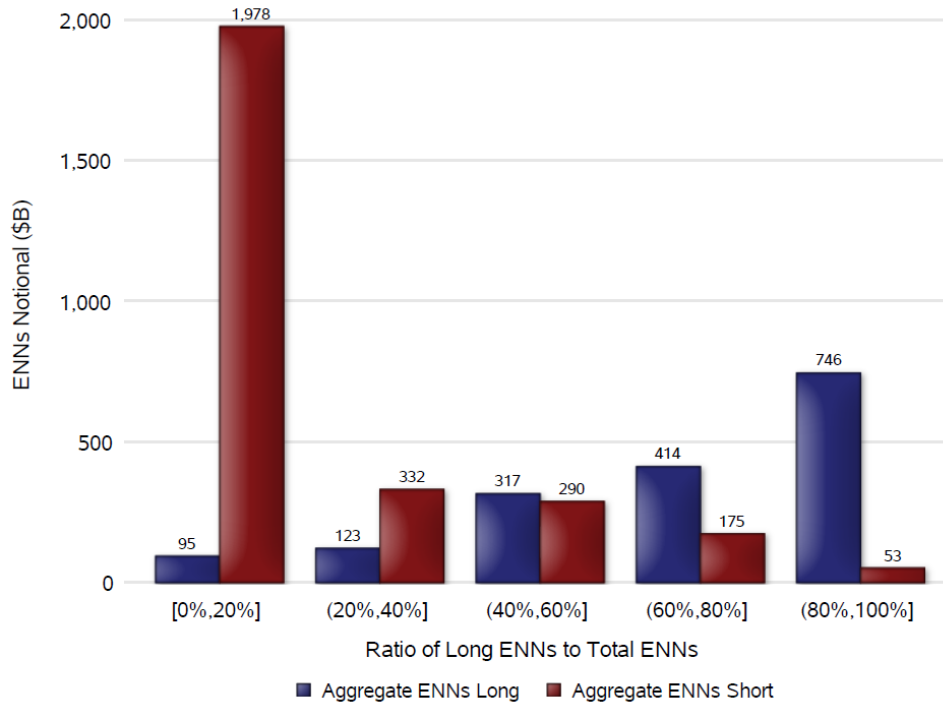
Table 4 (updates original Table 6): Clearing percentages by sector (\$ Trillions), including clearing ratios

Sector	Notional Amounts				Notional Amounts in 5-Year Equivalents			
	Long	Cleared %	Short	Cleared %	ENNs Long	Cleared %	ENNs Short	Cleared %
Swap Dealer	176.0	85	175.7	85	8.8	43	7.0	29
Bank	22.6	91	23.0	92	1.7	54	2.8	74
Hedge Fund	22.7	80	21.3	85	0.8	48	0.9	72
Asset Manager	4.3	82	4.5	82	1.0	71	1.2	80
Insurance Corp	0.9	60	0.8	57	0.7	59	0.2	47
Pension Fund	1.7	63	1.7	71	0.8	38	0.3	53
Nonfinancial Corp	0.5	5	1.5	4	0.2	3	0.9	16
Other Corp	0.4	42	0.6	28	0.1	13	0.2	20
Gov't/Quasi-Gov't	1.1	68	1.3	74	0.2	14	0.5	56
Unclassified	0.3	70	0.6	52	0.1	44	0.3	26
CCP Adj	0.5	.	0.1	.	0.2	.	0.2	.
<b>Total</b>	<b>231.0</b>	<b>84</b>	<b>231.0</b>	<b>84</b>	<b>14.5</b>	<b>46</b>	<b>14.5</b>	<b>46</b>

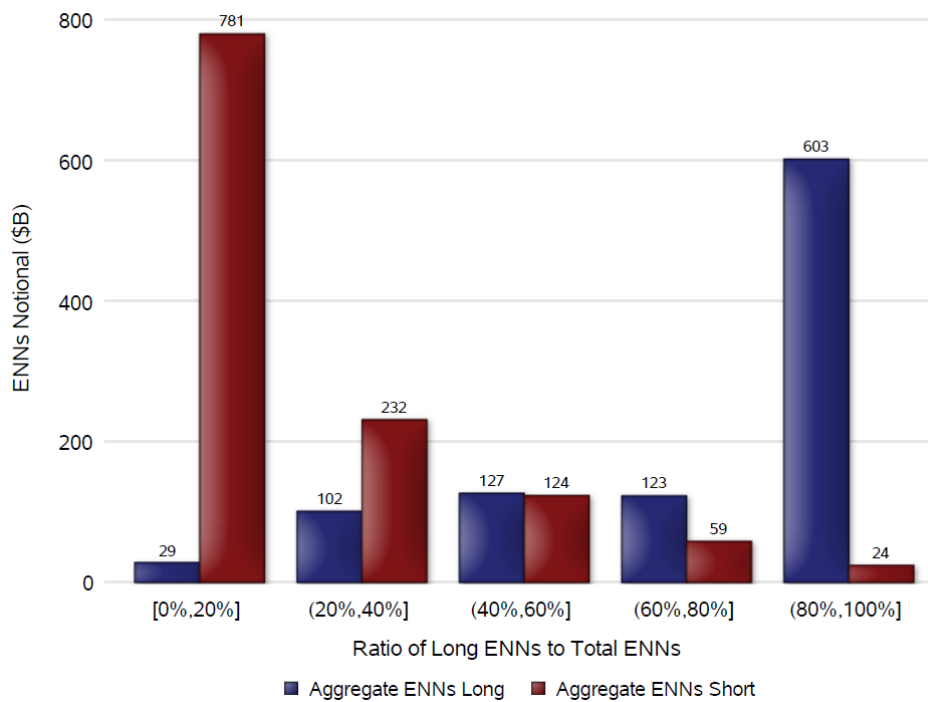
Figure 1: Histogram of Swap Dealer ENNs



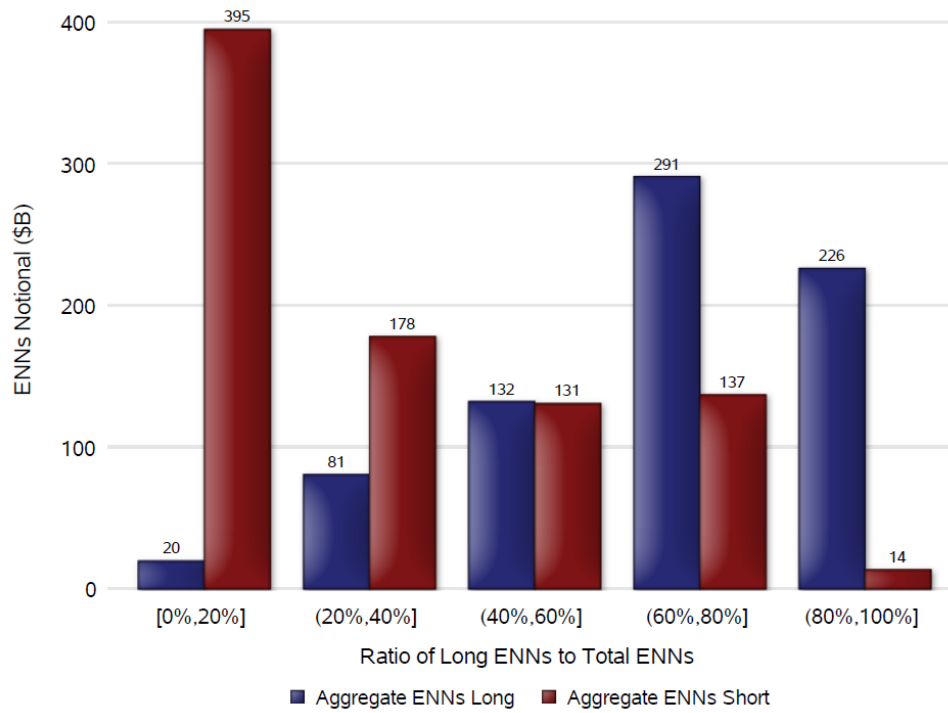
**Figure 2: Histogram of Bank ENNs**



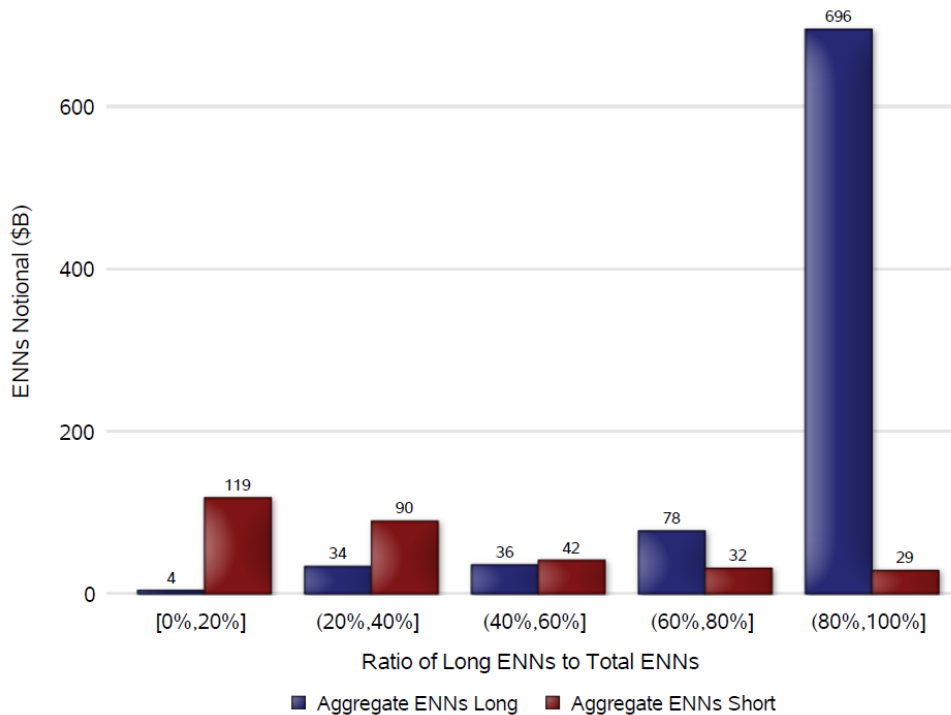
**Figure 3: Histogram of Asset Manager ENNs**



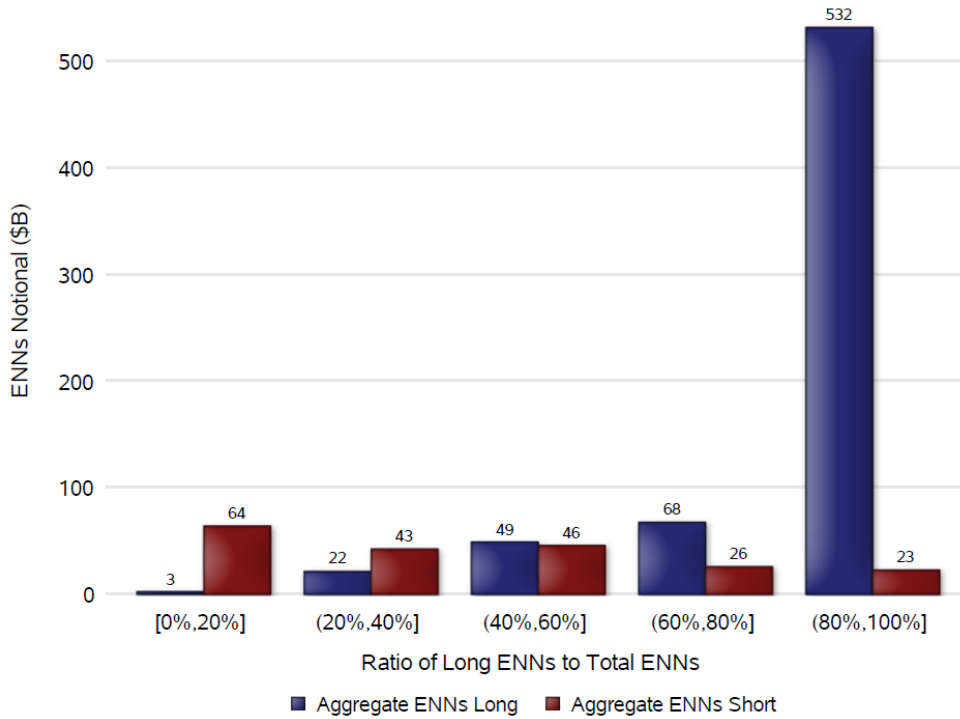
**Figure 4: Histogram of Hedge Fund ENNs**



**Figure 5: Histogram of Pension Fund ENNs**



**Figure 6: Histogram of Insurance Company ENNs**



**Figure 7: Histogram of Non-Financial Corporate ENNs**

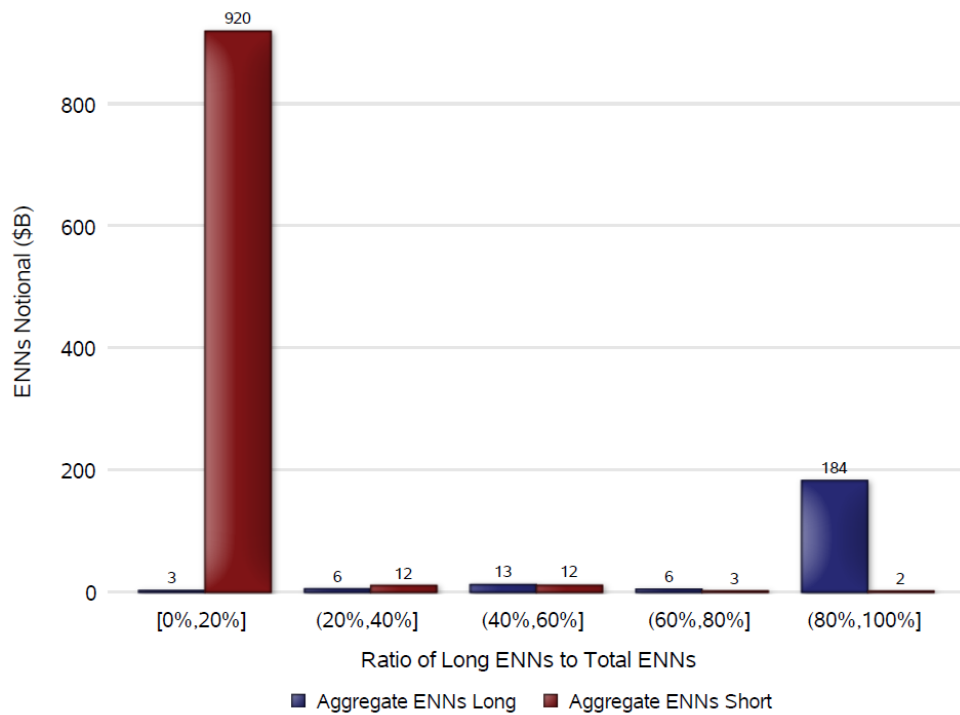


Figure 8: Histogram of Other Corporate ENNs

