

Introducing ENNs: A Measure of the Size of Interest Rate Swap Markets

Update as of March 13, 2020

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.² The tables below represent aggregated interest rate swap position data as of March 13, 2020.

Over the first quarter of 2020, the size of the IRS market across U.S. reporting entities increased 8.5%, to \$15.3 trillion ENNs (entity-netted notional amounts). Notional amount unadjusted for risk and netting increased 17.7%, to \$236.4 trillion.

Market shares and net exposures across sectors were relatively unchanged over the quarter. Swap dealers and banks make up 52% and 13% of the market, respectively, and net long sector positions of swap dealers, insurance companies, pension funds, and other financial institutions are balanced by net short sector positions of banks, asset managers, quasi-government institutions, and nonfinancial entities. Hedge funds as a sector, have no net interest rate exposure.

Table 1: Notional Amounts and ENNs by Sector (\$ Trillions)

Sector (1)	Notional Amounts		Notional Amounts in 5-Year Equivalents				
	Long (2)	Short (3)	Long (4)	Short (5)	ENNs Long (6)	ENNs Short (7)	ENNs Net (8)
Swap Dealer	174.4	175.2	96.8	95.2	8.7	7.2	1.5
Hedge Fund	29.2	26.4	7.3	7.4	0.8	0.8	0.0
Bank	17.0	18.0	13.6	15.0	1.4	2.7	-1.3
Other Financial	6.3	6.3	5.4	5.0	0.9	0.5	0.4
Asset Manager	3.7	3.8	2.1	2.4	0.7	1.1	-0.4
Pension	1.6	1.4	2.9	2.2	1.0	0.4	0.6
Govt/Quasi-Govt	1.5	1.6	1.2	1.6	0.3	0.7	-0.4
Nonfinancial	0.3	1.5	0.2	1.0	0.2	1.0	-0.8
Insurance	1.1	0.9	2.3	1.6	1.0	0.3	0.7
Unclassified	0.6	1.2	0.4	0.8	0.2	0.5	-0.3
CCP Adj	0.7	0.1	0.1	0.1	0.1	0.1	0.0
Total	236.4	236.4	132.3	132.3	15.3	15.3	0.0

¹This research was produced in each author's official capacity. The report was cleared for public distribution by the Office of the Chief Economist. The analyses and conclusions expressed in this report are those of the author(s) and do not necessarily reflect the views of other Commission staff, the Office of the Chief Economist, or the Commission.

²The link to the original paper can be found [here](#).

Table 2: Notional Amounts and ENNs by product type (\$ Trillions) ³

Product	Notional	Notional 5-Year Equivalents	
	Long	Long	ENNs Long
Fixed-for-Floating Swaps	119.4	113.0	13.0
FRAs	41.5	1.7	0.2
OIS	53.4	9.5	1.1
Swaptions	15.2	7.9	0.9
Cap/Floor	6.2	0.1	0.0
CCP Adj	0.7	0.1	0.1
Total	236.4	132.3	15.3

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

Currency	Notional	Notional 5-Year Equivalents	
	Long	Long	ENNs Long
USD	94.8	48.3	7.4
EUR	62.2	47.8	4.3
GBP	25.9	12.6	1.4
AUD	13.4	3.1	0.2
JPY	7.9	6.7	0.6
CAD	7.5	3.4	0.2
Other	24.7	10.4	1.2
Total	236.4	132.3	15.3

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

Sector	Notional Amounts				Notional Amounts in 5-Year Equivalents			
	Long	Cleared Percent	Short	Cleared Percent	ENNs Long	Cleared Percent	ENNs Short	Cleared Percent
Swap Dealer	174.4	86	175.2	86	8.7	34	7.2	24
Hedge Fund	29.2	88	26.4	90	0.8	49	0.8	60
Bank	17.0	92	18.0	92	1.4	56	2.7	78
Other Financial	6.3	87	6.3	87	0.9	39	0.5	45
Asset Manager	3.7	81	3.8	80	0.7	69	1.1	80
Pension	1.6	62	1.4	69	1.0	43	0.4	54
Govt/Quasi-Govt	1.5	64	1.6	72	0.3	19	0.7	55
Nonfinancial	0.3	6	1.5	2	0.2	3	1.0	1
Insurance	1.1	68	0.9	63	1.0	68	0.3	38
Unclassified	0.6	62	1.2	38	0.2	63	0.5	23
CCP Adj	0.7	.	0.1	.	0.1	.	0.1	.
Total	236.4	86	236.4	86	15.3	42	15.3	42

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

Figure 1: Histogram of Swap Dealer ENNs

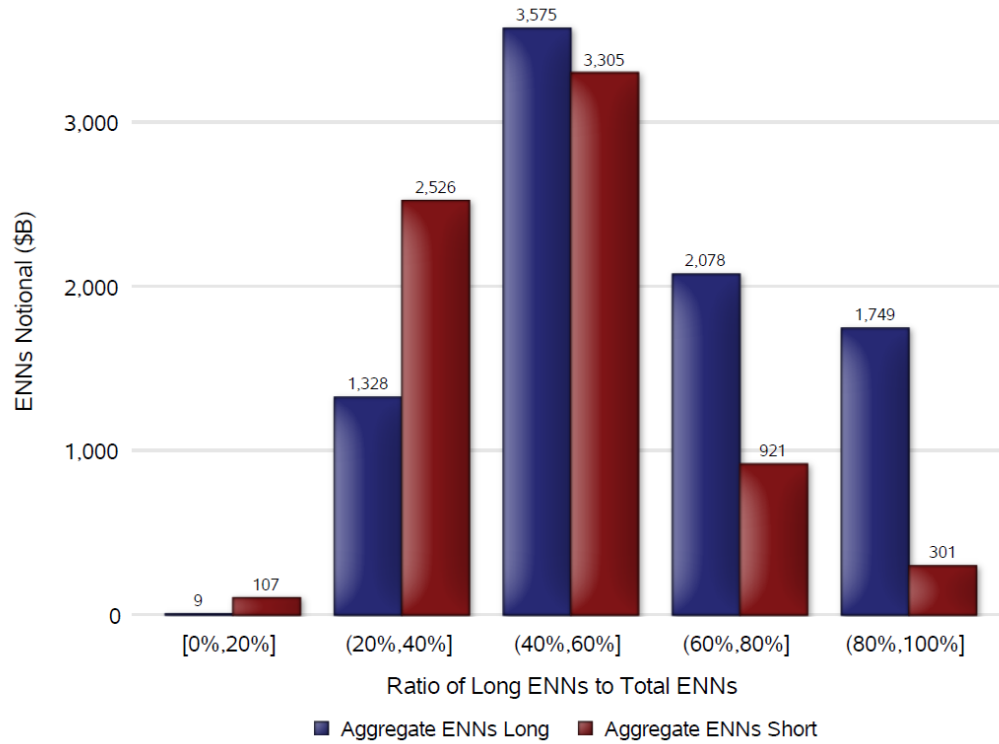


Figure 2: Histogram of Bank ENNs

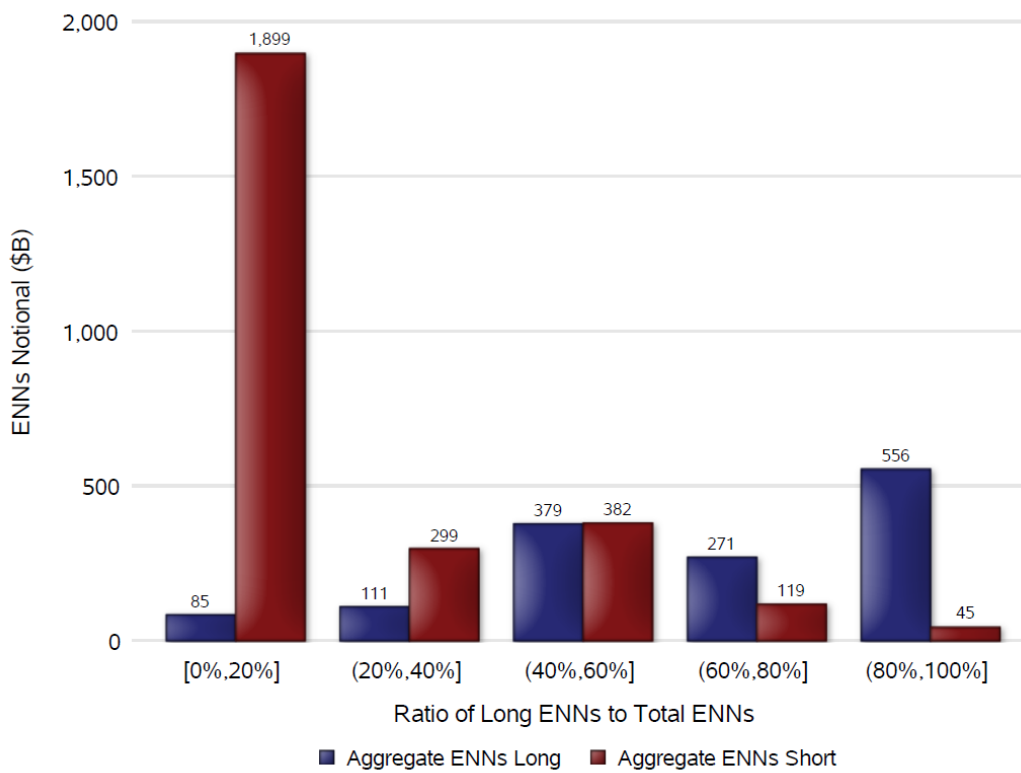


Figure 3: Histogram of Asset Manager ENNs

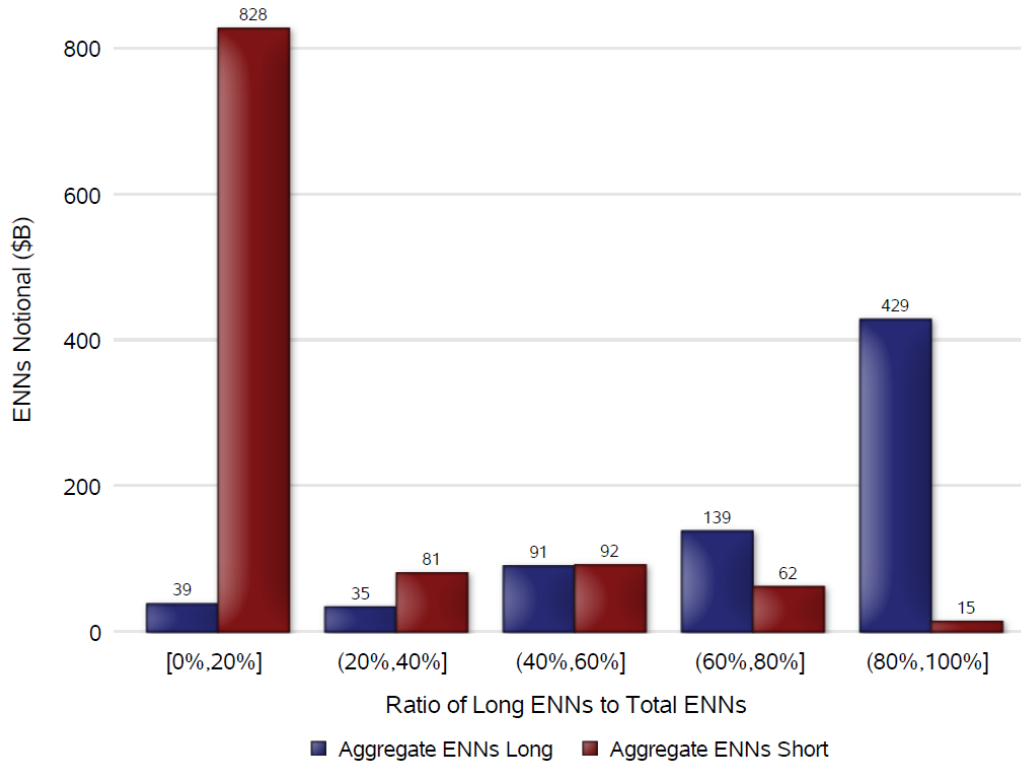


Figure 4: Histogram of Hedge Fund ENNs

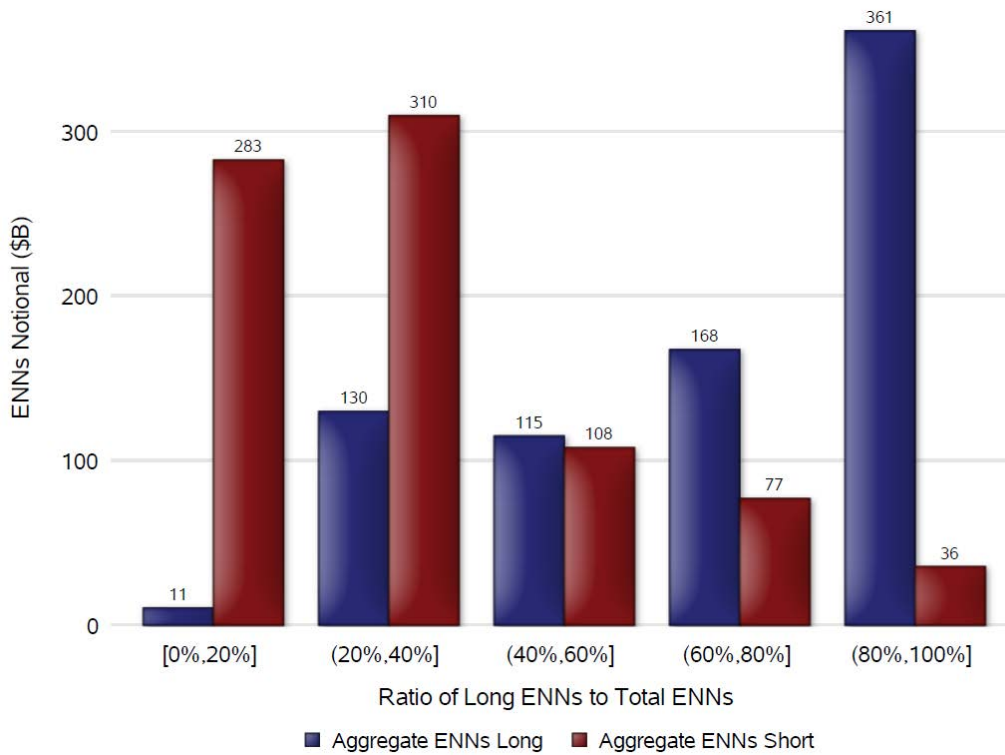


Figure 5: Histogram of Pension Fund ENNs

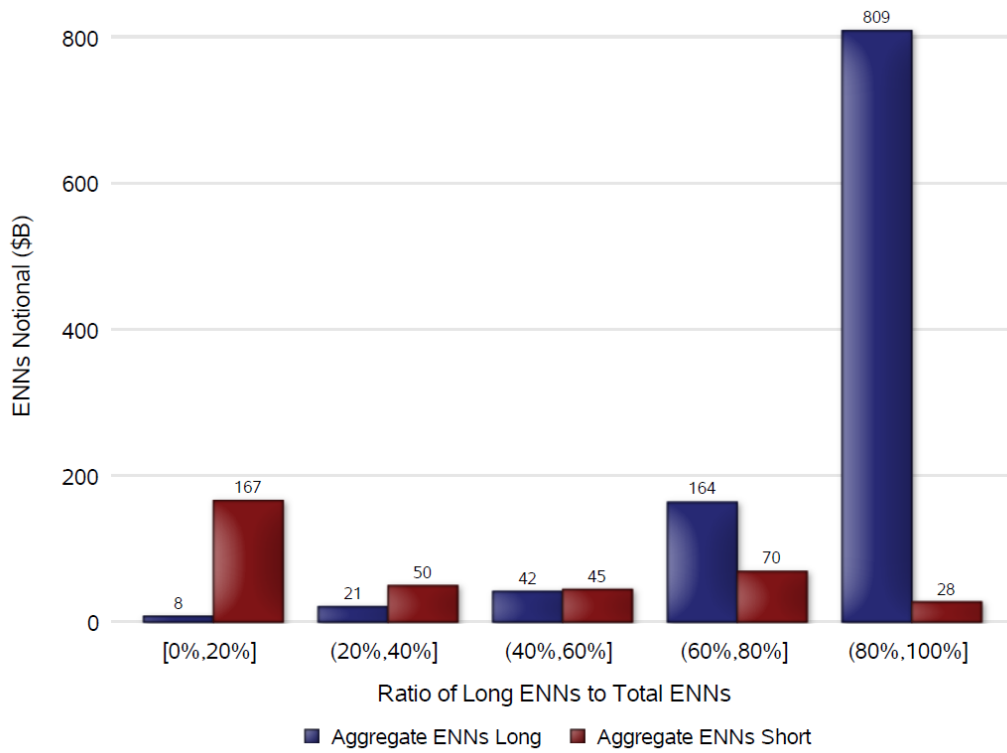


Figure 6: Histogram of Insurance Company ENNs

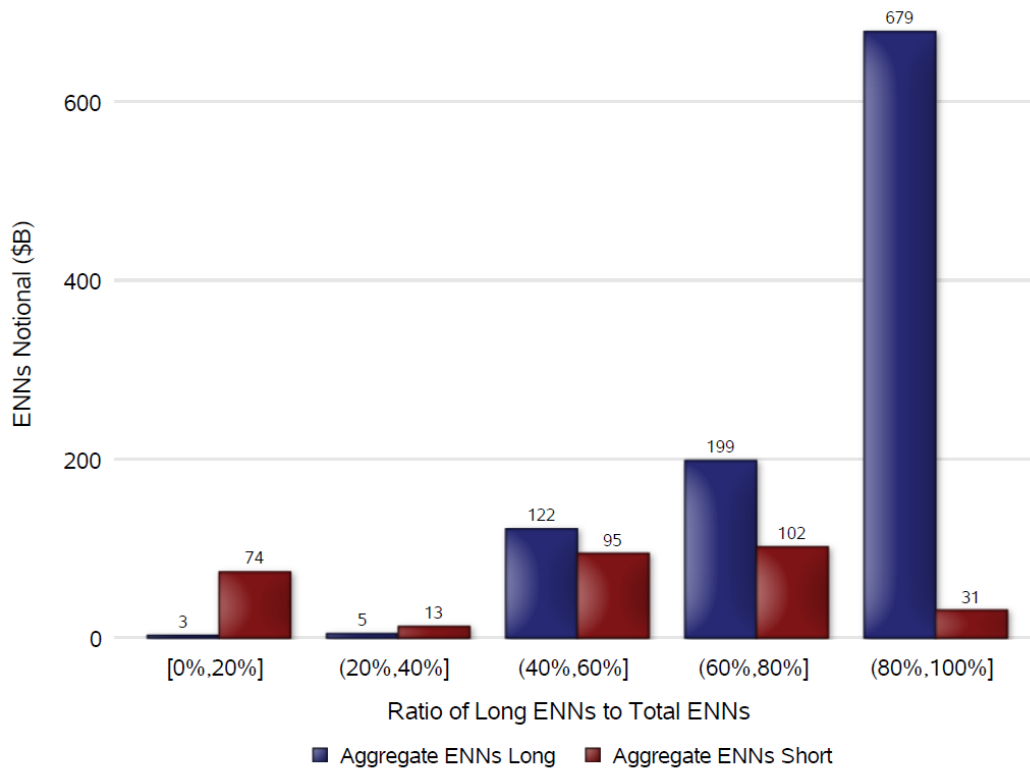


Figure 7: Histogram of Non-Financial Corporate ENNs

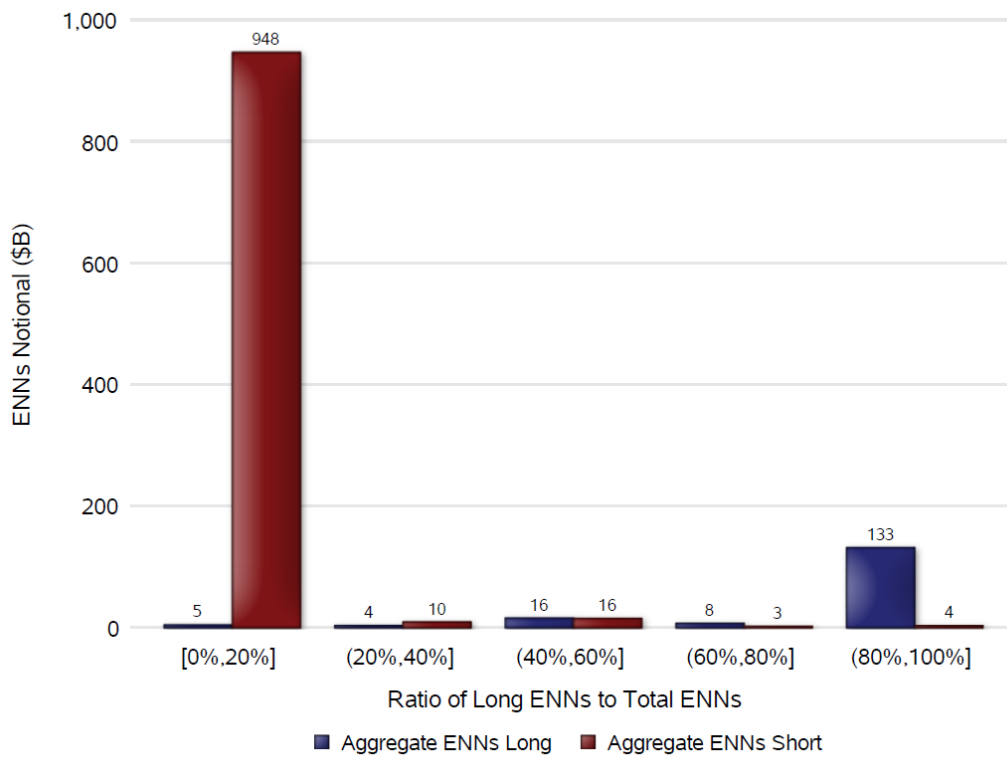


Figure 8: Histogram of Gov't/Quasi-Gov't ENNs

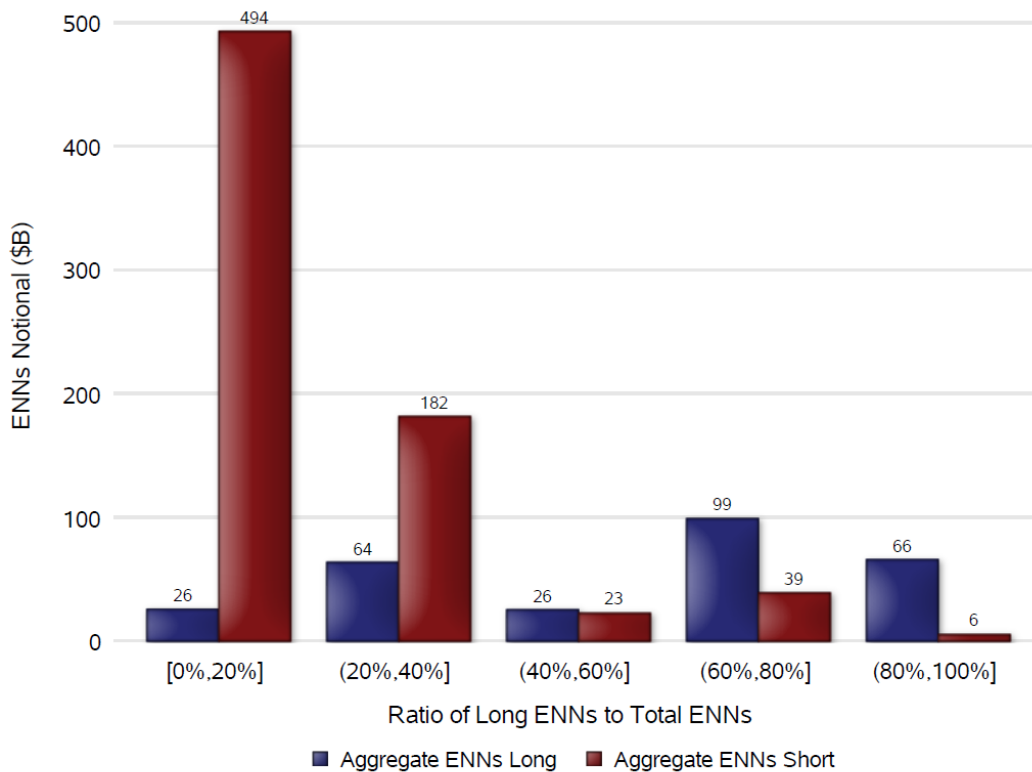


Figure 9: Histogram of Other Financials ENNs

