

**Introducing ENNs: A Measure of the Size of Interest Rate Swap Markets  
Update as of December 14, 2018**

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 December 14, 2018. As with the earlier reports, we continue to improve both the calculation and the classification methodologies. One improvement included in this report is a breakout of the corporate category into “non-financial” and “other” subcategories. Relevant tables and figures now show the two subcategories in place of the earlier, more general, corporate category.

Compared to the prior report, total interest rate swap notional fell by just under 1% while total ENNs decreased by just over 15%, in part driven by a reduction in average swap tenor. Histograms of ENNs by participant category, introduced in the September report, 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>				
	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<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	168.3	167.1	83.1	81.5	8.7	7.1	1.5
Bank	22.6	23.1	15.2	16.0	1.7	2.5	-0.9
Hedge Fund	22.2	21.1	6.6	6.6	0.8	0.9	-0.1
Asset Manager	4.4	4.9	3.4	3.6	1.0	1.2	-0.2
Insurance	0.9	0.8	1.5	1.0	0.7	0.2	0.5
Pension Fund	1.9	1.7	2.4	1.8	0.9	0.3	0.5
Nonfinancial Corp	0.4	1.6	0.3	0.9	0.2	0.8	-0.6
Other Corp	0.3	0.5	0.2	0.3	0.1	0.2	-0.1
Gov't/Quasi-Gov't	1.2	1.4	0.6	1.1	0.1	0.6	-0.5
Unclassified	0.3	0.5	0.2	0.4	0.1	0.2	-0.1
CCP Adj	0.3	0.1	0.1	0.2	0.1	0.2	-0.1
<b>Total</b>	<b>222.9</b>	<b>222.9</b>	<b>113.4</b>	<b>113.4</b>	<b>14.3</b>	<b>14.3</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>Short</u>	<u>Long</u>	<u>ENNs Long</u>
Fixed-for-Floating Swaps	118.5		98.3	12.3
FRAs	40.3		1.7	0.2
OIS	40.6		6.4	0.8
Swaptions	15.5		6.7	0.8
Cap/Floor	7.6		0.3	0.0
CCP Adj	0.3		0.1	0.1
<b>Total</b>	<b>222.9</b>		<b>113.4</b>	<b>14.3</b>

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

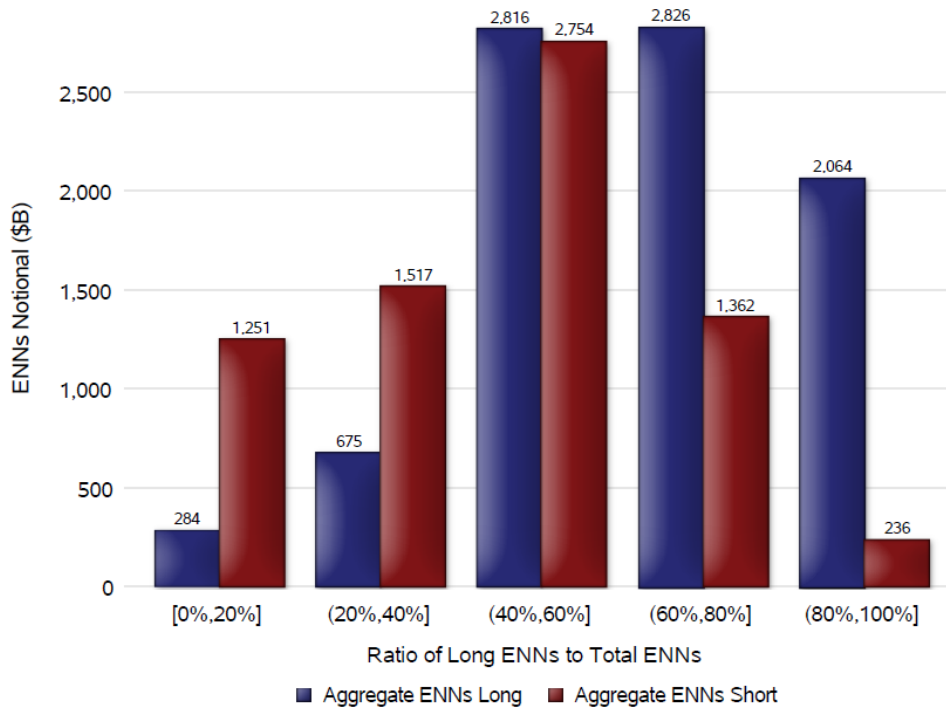
<u>Currency</u>	<u>Notional Amounts</u>		<u>Notional Amounts in 5-Year Equivalents</u>		<u>ENNs</u>	
	<u>Long</u>	<u>Short</u>	<u>Long</u>	<u>Short</u>	<u>Long</u>	<u>Short</u>
USD	93.0	93.2	41.1	41.0	6.4	6.4
EUR	61.4	61.3	40.8	40.7	4.3	4.2
GBP	22.6	22.7	11.8	11.7	1.5	1.4
AUD	8.3	8.3	2.6	2.6	0.2	0.2
JPY	7.1	7.1	5.9	6.0	0.6	0.6
CAD	7.5	7.5	2.6	2.6	0.2	0.2
Other	22.7	22.7	8.6	8.6	1.0	1.0
CCP Adj	0.3	0.1	0.1	0.2	0.1	0.2
<b>Total</b>	<b>222.9</b>	<b>222.9</b>	<b>113.4</b>	<b>113.4</b>	<b>14.3</b>	<b>14.3</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.

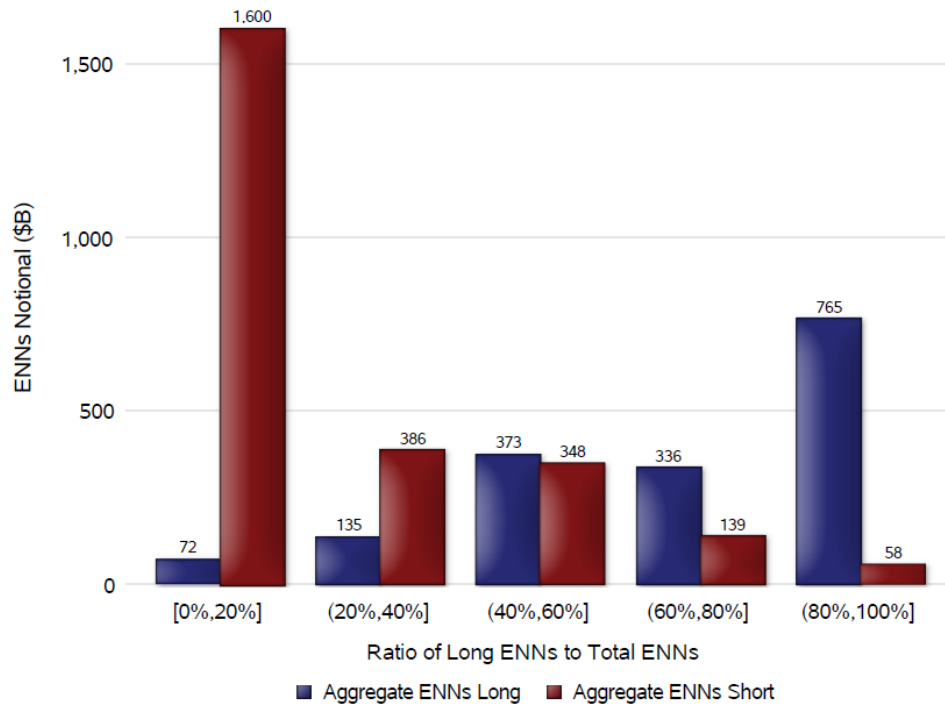
Table 4 (updates original Table 6): Clearing percentages by sector (\$ Trillions), including clearing ratios

Sector	Notional Amounts				Notional Amounts in 5-Year Equivalents			
	Long	Cleared %	Short	Cleared %	ENNs Long	Cleared %	ENNs Short	Cleared %
	Swap Dealer	168.3	85	167.1	85	8.7	39	7.1
Bank	22.6	91	23.1	92	1.7	55	2.5	73
Hedge Fund	22.2	81	21.1	87	0.8	49	0.9	62
Asset Manager	4.4	79	4.9	79	1.0	70	1.2	79
Insurance	0.9	58	0.8	54	0.7	55	0.2	43
Pension Fund	1.9	60	1.7	68	0.9	37	0.3	50
Nonfinancial Corp	0.4	6	1.6	3	0.2	2	0.8	3
Other Corp	0.3	24	0.5	20	0.1	12	0.2	21
Gov't/Quasi-Gov't	1.2	72	1.4	75	0.1	27	0.6	49
Unclassified	0.3	61	0.5	52	0.1	40	0.2	27
CCP Adj	0.3	.	0.1	.	0.1	.	0.2	.
<b>Total</b>	<b>222.9</b>	<b>84</b>	<b>222.9</b>	<b>84</b>	<b>14.3</b>	<b>44</b>	<b>14.3</b>	<b>44</b>

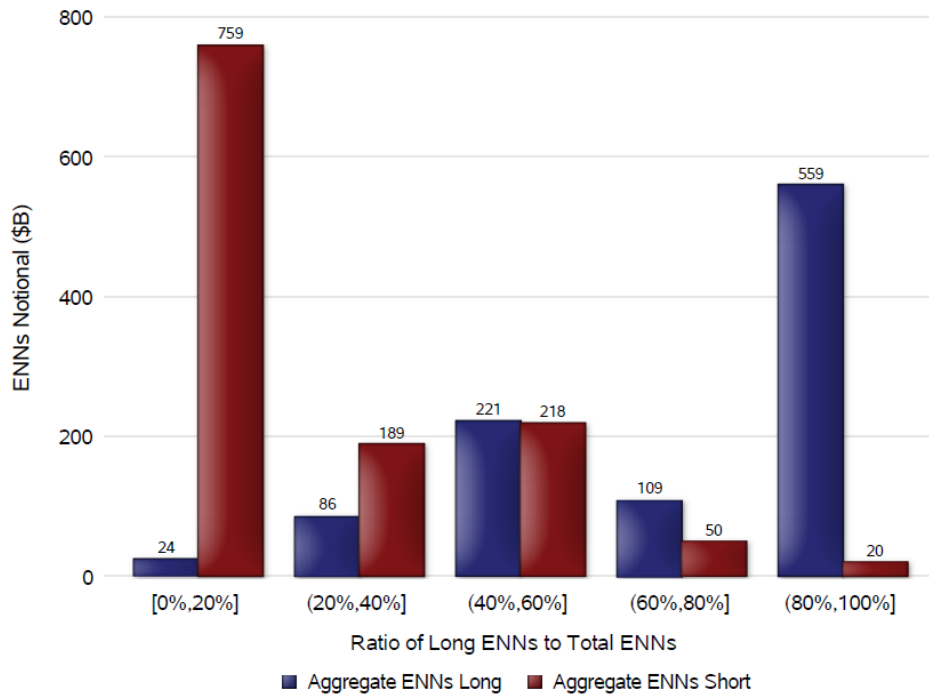
Figure 1: Histogram of Swap Dealer ENNs



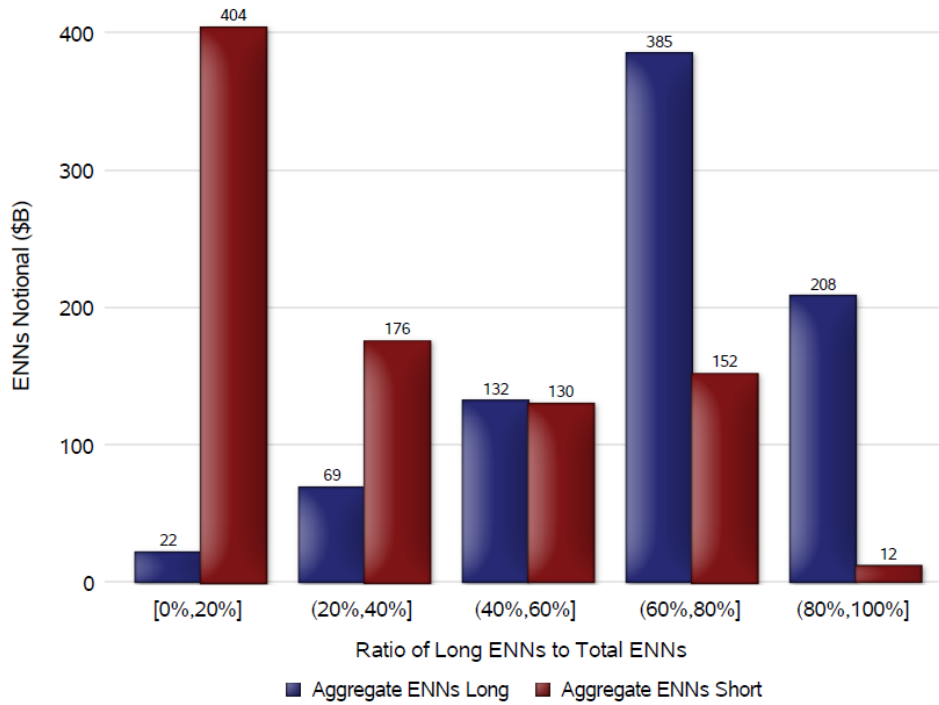
**Figure 2: Histogram of Bank ENNs**



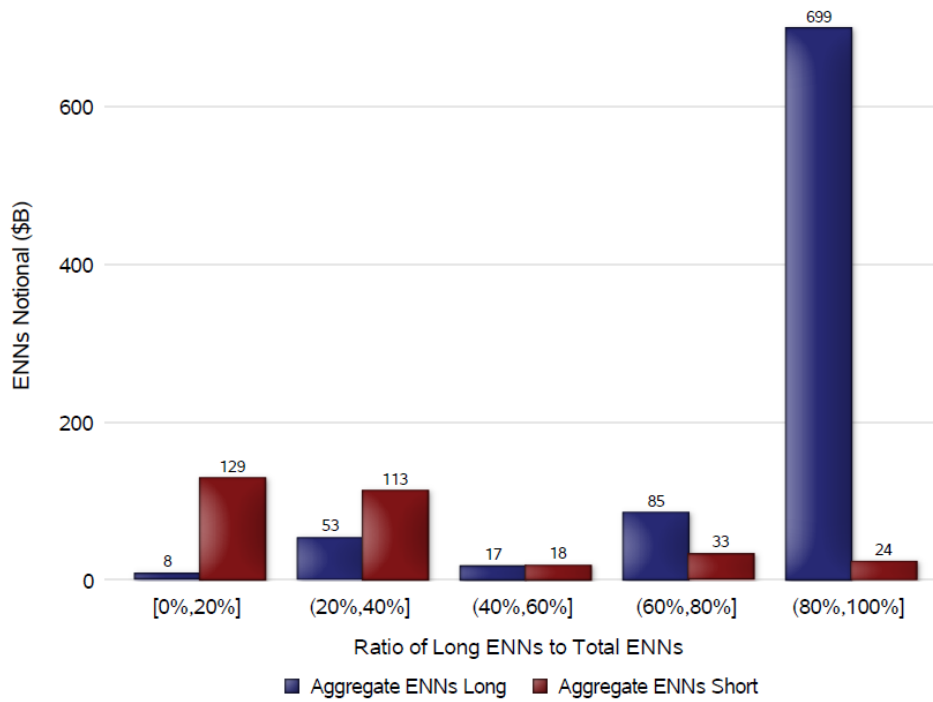
**Figure 3: Histogram of Asset Manager ENNs**



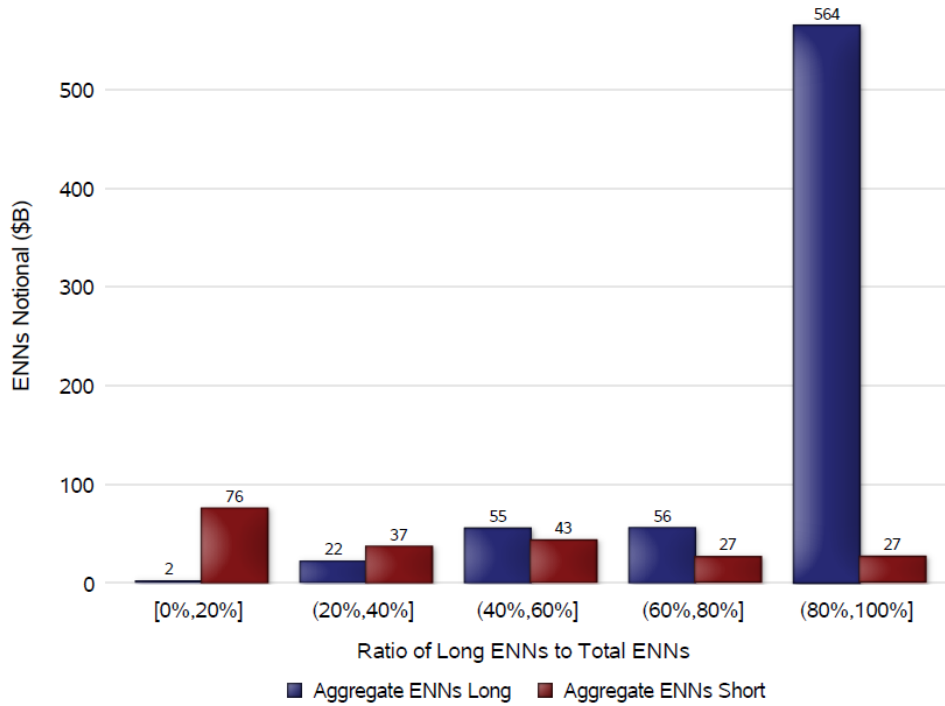
**Figure 4: Histogram of Hedge Fund ENNs**



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



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



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

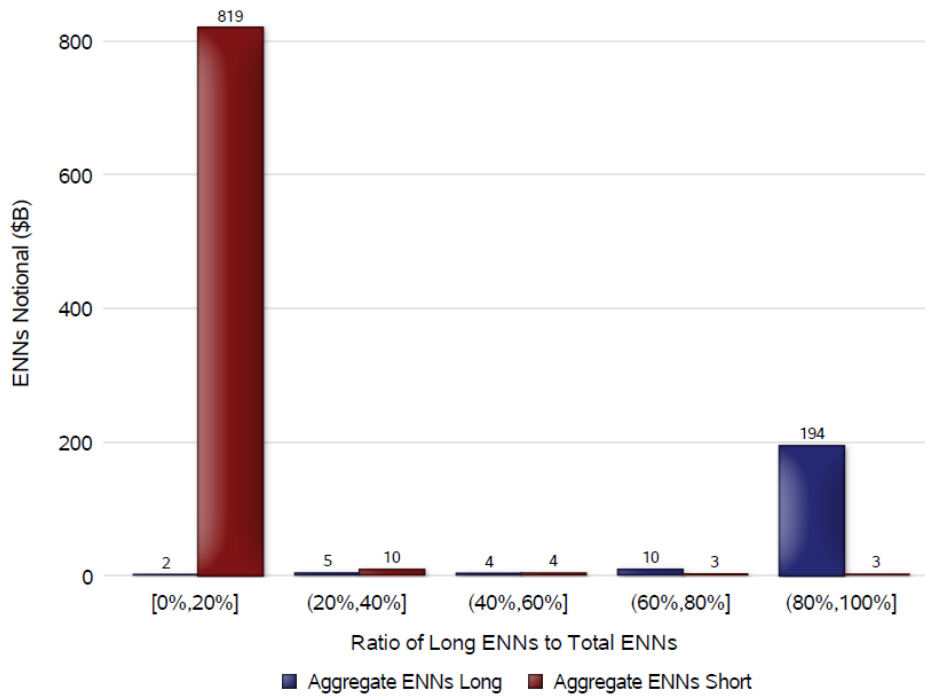


Figure 8: Histogram of Other Corporate ENNs

