

ENNs for FX 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 FX market. Entity-netted notionals for the FX and credit asset classes were introduced in a paper published in February 2019.² ENNs aim to provide a measure for the amount of risk transfer in FX swaps; FX ENNs are defined as risk-adjusted exposures netted within a counterparty and currency pair.³ The tables below represent aggregated FX swap position data as of March 13, 2020 and are sourced from reports provided by registered Swap Data Repositories.

Compared to the prior report, notional values rose slightly, while ENNs fell quarter-on-quarter. Clearing rates continue to remain relatively stable, at around 2 percent for the asset class as a whole, and led by NDFs with a current clearing rate of just over 22 percent.

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

<u>Sector</u>	<u>Notional</u>	<u>Delta-Adjusted Notional</u>	<u>Doubled- ENNs</u>	<u>ENNs (%)</u>
SWAPDEALER	83.5	76.8	21.6	64.5%
ASSET MANAGER	6.6	6.3	3.1	9.3%
BANK	4.8	4.6	1.5	4.6%
HEDGE FUND	8.6	7.7	1.7	5.1%
NON-FINANCIAL	2.6	2.5	1.7	5.0%
PENSION	1.6	1.5	0.8	2.5%
OTHER FINANCIAL	1.6	1.5	0.7	2.1%
GOVT/QUASI- GOVT	1.0	1.0	0.6	1.7%
INSURANCE	0.8	0.8	0.5	1.5%
UNCLASSIFIED	2.3	2.2	1.3	3.8%
Total	113.5	104.9	33.5	
½ Notionals ; ENNs	56.8	52.4	16.8	

¹ 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.

² The link to the original paper on FX and credit ENNs can be found [here](#).

³ Unlike the rates and credit asset classes, FX ENNs calculations do not include a duration adjustment. Instead, risk-adjustments are restricted to just delta-adjustments for FX options. Tables include a "doubled-ENNs" column to highlight that both legs of the FX swap (and thus two distinct currencies) are included in all calculations.

Table 2: Notional Amounts and ENNs by currency region (\$ Trillions)

<u>Region</u>	<u>Currency</u>	<u>Notional</u>	<u>Doubled ENNs</u>	<u>ENNs (%)</u>
American/ Caribbean	USD	53.1	13.1	39.1%
	CAD	2.9	1.1	3.3%
	BRL	0.8	0.2	0.7%
	Other	2.2	0.6	1.9%
Europe	EUR	15.6	5.3	15.8%
	GBP	6.8	2.5	7.4%
	CHF	2.2	0.8	2.3%
	Other	2.5	1.0	2.9%
Asia / Pacific	JPY	11.7	4.6	13.6%
	AUD	3.7	1.1	3.4%
	CNY	1.9	0.4	1.2%
	KRW	1.9	0.7	2.0%
	HKD	1.1	0.3	0.9%
	Other	5.3	1.4	4.0%
Other		1.7	0.5	1.6%
Total		113.5	33.5	
½ Notionals ; ENNs		56.8	16.8	

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

<u>Sector</u>	<u>Swaps and Forwards</u>	<u>NDFs</u>	<u>Cross- Currency</u>	<u>Options</u>	<u>Total</u>
SWAPDEALER	47.7	7.9	18.6	9.3	83.5
ASSET MANAGER	5.2	0.6	0.2	0.6	6.6
BANK	3.1	0.3	1.1	0.3	4.8
HEDGE FUND	5.8	0.9	0.8	1.2	8.7
NON-FINANCIAL	1.5	0.5	0.4	0.2	2.6
PENSION	1.3	0.1	0.1	0.1	1.6
OTHER FINANCIAL	0.8	0.2	0.3	0.2	1.5
GOVT/QUASI- GOVT	0.6	0.1	0.3	0.0	1.0
INSURANCE	0.5	0.0	0.2	0.1	0.8
UNCLASSIFIED	1.9	0.1	0.2	0.1	2.3
Total	68.5	10.8	22.1	12.1	113.5
½ Notionals					56.8
% Cleared	0.1%	22.3%	0.1%	0.1%	2.3%