

**Introducing ENNs: A Measure of the Size of Interest Rate Swap Markets
Update as of June 15, 2018**

by

Richard Haynes, John Roberts, Rajiv Sharma, and Bruce Tuckman¹

July, 2018

The tables below update previous ENNs reports, which were introduced in a paper published earlier this year.² The tables represent aggregated interest rate swap position data as of June 15, 2018. There have been a number of changes relative to earlier reports. First, the previous “Bank/Dealer” sector has been separated into a “Swap Dealer” sector and a non-swap dealer “Bank” sector. Second, the process by which legal entities are classified into sectors continues to improve and is expected to settle significantly by the next quarterly update. Third, notional calculations for swaps with embedded optionality have been improved, which increased notional values for some product categories, but had a minimal impact on ENNs.

Table 1 (updates original Table 2): Notional Amounts and ENNs for U.S. Reporting Entities of Fixed-for-Floating Swaps, FRAs, OIS, Swaptions, and Cap/Floors by sector, as of June 15, 2018. (\$ 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	161.4	161.4	83.0	81.7	10.0	8.7	1.3
Bank	35.0	35.5	23.1	23.6	2.3	2.8	-0.5
Hedge Fund	17.6	16.4	6.5	6.6	0.8	0.9	-0.1
Asset Manager	8.7	8.2	4.0	4.2	1.1	1.3	-0.2
Insurance	1.0	1.0	1.6	1.3	0.8	0.5	0.3
Pension Fund	1.5	1.3	1.9	1.4	0.7	0.3	0.4
Corporate	0.9	1.4	0.7	1.0	0.5	0.8	-0.3
Gov't/Quasi-Gov't	0.9	1.0	0.5	1.0	0.1	0.6	-0.5
Unclassified	0.8	1.7	0.5	0.9	0.2	0.5	-0.4
Total w/ CCP Adjustment	228.0	228.0	121.8	121.8	16.7	16.7	0.0

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 can be found [here](#). An update as of March 2018 can be found [here](#).

Table 2 (updates original Table 4): Notional Amounts and ENNs for U.S. Reporting Entities, by product, as of June 15, 2018. (\$ Trillions)³

<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	116.6		98.5	13.5
FRAs	44.4		5.9	0.8
OIS	43.1		10.2	1.4
Swaptions	14.1		6.7	0.9
Cap/Floor	9.5		0.3	0.0
Total w/ CCP Adjustment	228.0		121.8	16.7

Table 3 (updates original Table 5): Notional Amounts and ENNs for U.S. Reporting Entities of Fixed-for-Floating Swaps, FRAs, OIS, Swaptions, and Cap/Floors by currency, as of June 15, 2018. (\$ 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	92.1	92.0	45.2	45.1	7.9	7.8
EUR	65.8	65.9	42.6	42.6	4.5	4.6
GBP	25.8	25.9	12.9	12.9	1.7	1.7
AUD	8.5	8.5	3.0	3.0	0.3	0.3
JPY	7.3	7.4	6.1	6.2	0.7	0.7
CAD	6.2	6.2	2.6	2.6	0.2	0.2
Other	22.0	22.0	9.3	9.3	1.2	1.2
Total w/ CCP Adjustment	228.0	228.0	121.8	121.8	16.7	16.7

³ 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 for U.S. Reporting Entities of Fixed-for-Floating Swaps, FRAs, OIS, Swaptions, and Cap/Floor, as of June 15, 2018. (\$ Trillions)

<u>Sector</u>	<u>Notional Amounts</u>				<u>Notional Amounts in 5-Year</u> <u>Equivalents</u>			
	<u>Long</u>	<u>Cleared</u> (%)	<u>Short</u>	<u>Cleared</u> (%)	<u>ENNs</u> (Long)	<u>Cleared</u> (%)	<u>ENNs</u> (Short)	<u>Cleared</u> (%)
Swap Dealer	161.4	84	161.4	84	10.0	40	8.7	33
Bank	35.0	91	35.5	92	2.3	55	2.8	68
Hedge Fund	17.6	82	16.4	89	0.8	55	0.9	74
Asset Manager	8.7	73	8.2	73	1.1	69	1.3	78
Insurance	1.0	57	1.0	60	0.8	47	0.5	33
Pension Fund	1.5	55	1.3	62	0.7	34	0.3	47
Corporate	0.9	29	1.4	22	0.5	17	0.8	9
Gov't/Quasi-Gov't	0.9	65	1.0	69	0.1	27	0.6	42
Unclassified	0.8	58	1.7	30	0.2	41	0.5	23
Total w/ CCP Adjustment	228.0	84	228.0	84	16.7	45	16.7	45