The JSE currency derivatives market crosses R500 billion milestone



JOHANNESBURG, 06 May 2013 - The Johannesburg Stock Exchange's (JSE) currency derivatives market recently reached the R500 billion in total value traded milestone.

"In the past 14 months R250 billion has been traded on our market – this is a rapid rate of growth compared to previous years. It took two years between 2007 and 2009 to reach R100 billion in traded value and a further two years to reach the R250 billion mark in 2011," says Warren Geers, General Manager in Bonds and Financial Derivatives at the JSE. In March the JSE saw a record R43 billion traded.

Geers attributes this milestone to the division's launch of new products to the market including the launch of Any Day Expiry contracts in 2011 in response to the wholesale market looking to hedge their currency risk with increased precision. It was designed with wholesale investors in mind with a minimum exposure of one million of the foreign underlying (for example $1million). "Before the introduction of Any Day Expiry contracts the trading of currency derivatives contracts were standardised. In July 2013 the Any Day Expiry suite will be enhanced, allowing the market participants to choose their own expiry dates on an automated electronic process. This gives the market added ability to execute non-standardised contracts at the push of a button," says Geers.

The JSE's currency market was first established in 2007, but institutional investors and corporates only entered the market in 2008 after a special dispensation in that year's budget address. Since then 66 million currency derivatives contracts have been traded on the exchange. Between 2007 and April 2013, currency spreads have narrowed from an eight cent spread to less than half a cent, making prices more competitive. Dollar-Rand contracts make up more than 80% of the trading activity on the Exchange.

Geers hopes that other initiatives in the pipeline for 2013 and 2014 will boost volumes and result in the achievement of R1 trillion value traded. "We are pleased with the growth that the exchange is experiencing in the forex domain, and hope that we will continue to see exponential growth going forward," says Geers.

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JSE Limited

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