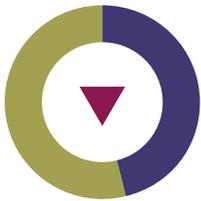


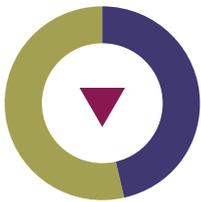
FOW first half derivatives trading analysis

Global Volumes

Global Volumes
Down 13.9%



Global Futures
Down 13.2%



Global Options
Down 15%

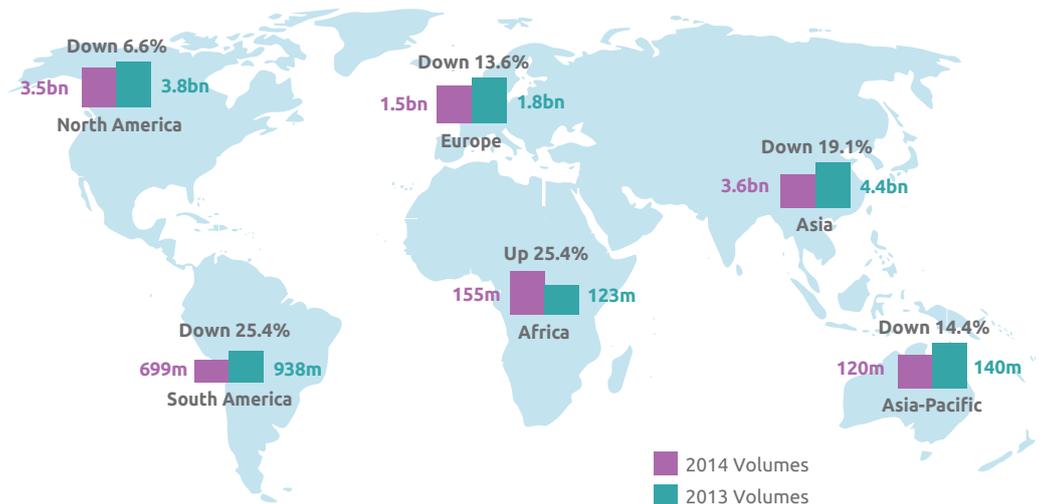


■ 2014 Volumes
■ 2013 Volumes

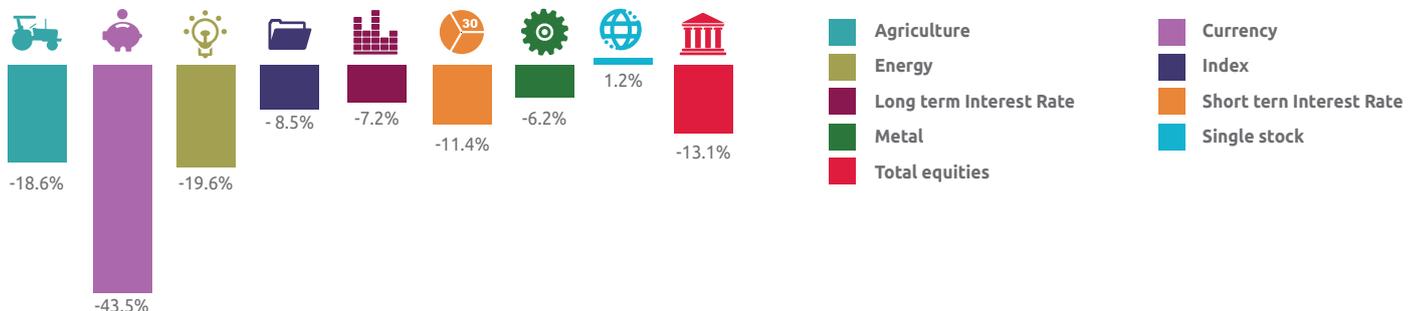
Top 10 Exchanges

Exchange	2014 YTD Volume	Change
▲ Chicago Mercantile Exchange Inc	826,469,680	+2 places
▼ National Stock Exchange of India Limited	780,989,492	-1 place
▼ Eurex	752,711,460	-1 place
▼ MICEX-RTS (Legacy MICEX)	614,472,804	- same
▲ Chicago Board Options Exchange	588,014,363	+2 places
▼ Chicago Board of Trade	565,053,368	-1 place
▼ NYSE Liffe	429,815,254	-1 place
▲ Dalian Commodity Exchange	357,905,355	+5 places
▼ BM&FBOVESPA - Equity Options	345,179,693	-1 place
▲ Shanghai Futures Exchange	328,885,310	+8 places

By Region



Global Asset Classes





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FOW first half derivatives trading analysis: Record low volatility sinks volumes

Global futures and options fell by 14% in the first six months of the year against the same period last year.

In total across the 85 largest derivatives markets covered by FOW Data 9.7bn changed hands between January and June 2013 compared with 11.2bn the previous year.

The first half global figure is the lowest since 2009 when 8.2bn contracts were traded. The downward turn in volumes has been global, with almost every major exchange in every major region outside China and India reporting a fall in trading.

However, there are signs that volumes in some markets are slowly picking up, with sectors such as short term interest rate, energy and metal derivatives beginning to rise in June.

Uncertainty surrounds regulatory reform and persistently low volatility in part due to central bank rates in Europe and the US are seen as the key reasons behind the decline in volumes.

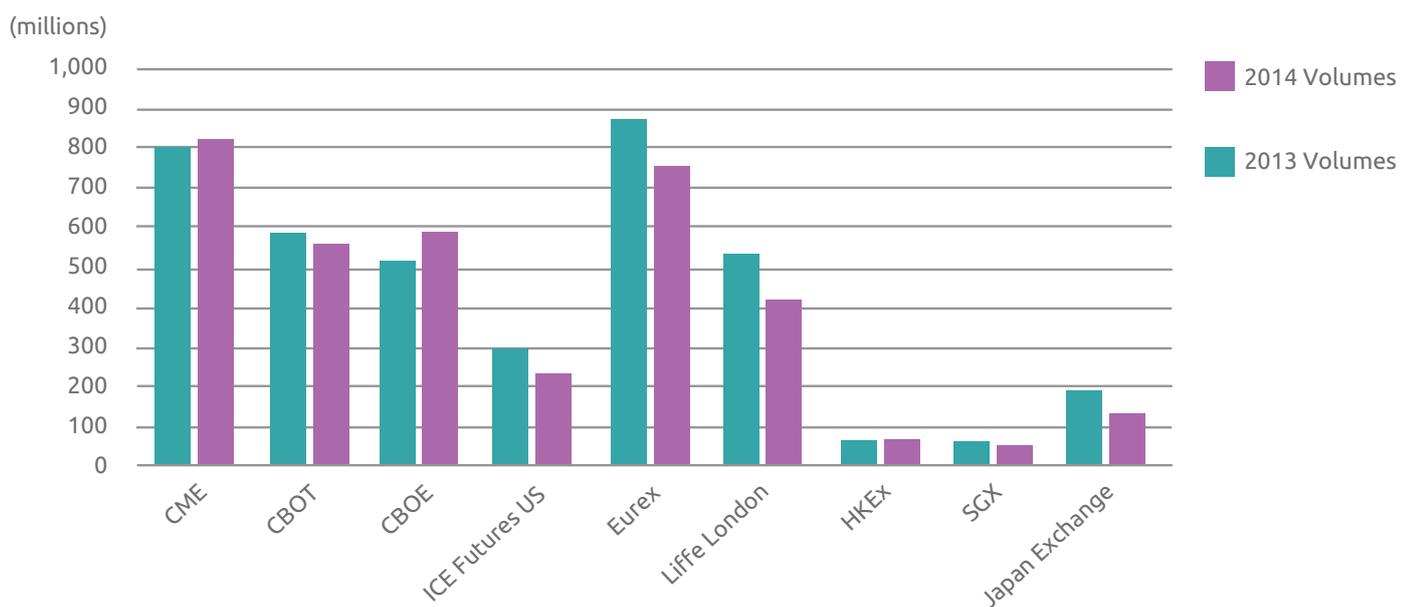
Slow trading across all asset classes hit the world's largest exchanges: from CME, CBOT, CBOE and ICE in the US, to Eurex and Liffe in Europe, to HKEx and SGX in Asia.

However China continued to buck the global trend as its nascent futures markets continue to launch new products.

The Zhengzhou Commodity Exchange (ZCE) experienced a massive jump in agricultural futures trading, while the Dalian Commodity Exchange's (DCE) iron ore and polypropylene contracts becoming two of the most dominant contracts in Asia.

Interest rates:

Among the largest declines seen were in the European interest rates markets, which fell 19% in terms of volume traded with 506.1m contracts changing hands in the first six months of the year.



Eurex experienced a decline of 17% in interest rate volumes to 240.5m, while volumes on ICE's Liffe dropped by 25% to 246.1m.

Eurex's bund future fell 16.5% to 89.3m contracts traded, the bobl dropped 13.9% to 61.2m contracts, and the schatz declined 24.2% to 40.8m.

Similarly volumes for Liffe's 3 month Euribor future dropped by 42% to 81.4m contracts traded. On Swedish-based Nasdaq OMX interest rate volumes also fell 28.8% to 8.9m.

The decline in interest rate volume led to double digit percentage decline on both Eurex and Liffe in the first half of the year.

This came despite two record days of trading in the sterling contract during the period with 2.9m short sterling futures traded on June 13, surpassing the previous record set on February 12 by nearly 900,000. However, products that are linked to the UK are showing signs of life.

Liffe's 3 month short sterling future saw a number of daily volume records after hawkish announcements from the Bank of England's Mark Carney over an interest rate rise.

Trading of the short sterling future increased 17% to 89.1m contracts in June.

This mirrors similar encouraging signs in the US. CME's flagship Eurodollar contract helped the exchange buck the negative trend with 306.8m contracts changing hands, up 17.4% against the 259m traded in the previous year, with 69m of that in June 2013.

In both Europe and the US, volume and volatility in the interest rate products were centred on statements from central bankers but there are signs of more general uncertainty returning to the market. Despite the growth in STIRs in the US, longer term government bond futures on the Chicago Board of Trade (CBOT) saw a dip in volumes.

Frequent bearish statements on interest rates from the Federal Reserve since March calmed trading in long term interest rate products.

The 10 year treasury bond future fell 10% to 164.5m contracts, and the 30 year treasury bond future dropped nearly a quarter to 43.9m.

The CBOT's Deliverable Swap Future continues to grow its liquidity with 136,000 contracts changing hands in June, a record month for the contract.

Equity Index sector:

Last year, equity index products in Asia saw a surge in volumes; this year, however, is a different story. As a result of the deceleration of 'Abenomics' in Japan, volatility in Nikkei index derivatives took a hit.

At the Osaka Securities Exchange, which is now part of the Japanese Exchange Group (JPX), trading in regular size Nikkei 225 futures dropped 41% to 21m contracts, and the mini Nikkei 225 futures also fell 38% to 89.9m contracts.

Similarly at the Singapore Exchange, the Nikkei 225 future, which last year was its most active contract, volumes almost halved to 12.9m contracts and is now its second most trading product.

Both the two largest index exchanges in Europe and the US, CME and Eurex, saw a decline of 6.6% and 6.1% to 312.8m and 331.7m respectively.

The E-Mini S&P 500 future, the most active index futures on CME, dropped by 16.6% to 205.5m. On Eurex, the Euro Stoxx 50 Index future and option contract both declined 9% and 7% to 133m and 111.9m respectively.

However the Eurex KOSPI option, which is traded on Eurex in a cross-market deal with the Korean Exchange, saw a notable increase of 22.7% to 11.9m contracts traded.

However, volumes on the Chicago Board Options Exchange (CBOE) traded more contracts than the previous year despite the low volatility environment.

The growth in equity index transactions on the exchange can largely be attributed to the performance of its volatility index (VIX) options, which grew 17% to 85.6m.

During the first half of the year, the exchange increased the trading hours for VIX products with the aim of attracting more international traders.

Energy and commodities:

Global commodities volumes slightly declined in the first half of the year, with total contracts traded in the segment down by almost 4% to 1.78bn, however new launches in China offset declines elsewhere.

Energy volumes dropped by almost a fifth to 628.7m contracts.

In Asia energy contract transactions fell by 29% to 99.3m, while in the US volumes dropped by 19% to 375.5m and in Europe they fell by 13% to 153.9m. Global uncertainty plagued the market during the first half of the year, especially in the oil and power markets where volatility hit near record lows.

Stricter regulatory scrutiny of banks' involvement in the physical commodities markets combined with the low volatility in their impact on volumes. In the US, ICE Futures US and the New York Mercantile Exchange, the world's two largest energy exchanges, saw volume declines of 26.6% and 10.5% respectively to 178.8m and 195.5m contracts.

ICE Futures US was hit by a dip in trading on its Henry Financial LD1 monthly future where volumes dropped 27.8% to 73.9m.

At the exchange group's European arm, ICE Futures Europe, total volumes dropped by 15% to 149.5m as it saw less demand for its oil products.

The Brent crude oil monthly future fell 9.6% to 73.4m, its Gasoil monthly future dropped 20% to 26.8m, and the WTI crude oil future also dipped 17.8% to 14.8m contracts.

In contrast, agricultural derivatives offset the drop in energy trading, as demand especially in the US and Asia boosted volumes by 23% to 639m contracts traded worldwide.

Turbulent weather during the first three months of the year in the US led to more need for hedging in the agriculture sector.

Agricultural contracts were up 3.6% on CBOT to 121.5m, after its corn futures increased 8.7% to 37.5m traded, soybean futures were up 10% to 23.4m traded, as were wheat futures by 22.3% to 17m traded.

The largest growth in agricultural contracts came from China, and especially the Zhengzhou Commodity Exchange (ZCE) where volumes more than doubled to 200.8m contracts. Rapeseed meal futures experienced a surge in activity where the number of contracts traded almost tripled to 148.9m contracts.

Furthermore on the Shanghai Futures Exchange (SFE), volumes were up 63% to 47.9m contracts due to the performance of its only agricultural contract, natural rubber.

Elsewhere in China, the Dalian Commodity Exchange remained the top exchange for agricultural derivatives despite witnessing a drop of 6% to 217.2m contracts.



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