

## **Activity in the Norwegian foreign exchange and derivatives market in April 2010**

*Every three years since 1989 Norges Bank has made a survey of the activity in the Norwegian foreign exchange market in cooperation with the Bank for International Settlements (BIS). The 2010 survey was the eight in a row. The average daily turnover in the Norwegian foreign exchange market<sup>1</sup> was USD 22 billion in April 2010 compared to USD 32 billion in April 2007, a decrease of 31%. The average daily turnover in Norwegian kroner fell to NOK 131 billion in April 2010 against NOK 192 billion in April 2007. Preliminary figures from the BIS indicate that Norwegian banks had a market share of 0.4% of the global foreign exchange market in April 2010, down from 0.7% in April 2007.*

*The average daily turnover in the Norwegian OTC interest rate derivatives market was USD 12 billion in April 2010 compared to USD 7 billion in April 2007, an increase of 77%. This is mainly due to increased trading in interest rate swaps between one reporting dealer and a fully owned special purpose entity. (Adjusted for these trades, turnover would have shown a decrease of 24 %.) The average daily turnover in Norwegian kroner increased to NOK 71 billion in April 2010 compared to NOK 40 billion in April 2007. According to preliminary figures from the BIS, Norwegian banks in April 2010 had a market share of 0.4% of the total global market for OTC interest rate derivatives, up from 0.3% in April 2007.*

### **Background to the survey**

Due to structural changes in the Norwegian Market the number of participating banks has declined over the years. Participation in the survey is voluntary. In 2010, seven out of nine invited banks took part. By comparison, eight banks took part in the 2007 survey. Nevertheless, we estimate, as in 2007, that the survey covers more than 90% of the activity in the Norwegian foreign exchange market. An important aspect of the survey is that all trades should be reported in the country in which the sales desk is located, even if deals entered into in different locations were booked in a central location. Parallel with the Norges Bank survey, similar surveys were made in 53 different countries coordinated by the Bank for International Settlements (BIS). The results of these surveys will be published simultaneously on the BIS website and by the participating central banks. It is estimated that around 1300 finance institutions took part globally. The object of the survey is to obtain comprehensive and internationally consistent information on the size and structure of the foreign exchange and over-the-counter (OTC) derivatives markets. The purpose of the statistics is to increase market transparency and thereby help central banks, other authorities and market participants to better monitor changing patterns of activity in the global financial system.

The first surveys (1989, 1992 and 1995) covered turnover in the foreign exchange market only. Over-the-counter derivatives were included in 1998. Exchange-traded derivatives are not covered.

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<sup>1</sup> Turnover in the spot market, outright, foreign exchange swaps, currency swaps and OTC foreign exchange options.

In addition to the turnover survey in April, a separate survey coordinated by the BIS took place at the end of June 2010, covering contracts outstanding in the OTC derivatives market. The BIS will publish a preliminary report on these results in November 2010.

The reporting dealers were also asked about changes in total turnover. They found that turnover in the foreign exchange and OTC derivatives market had been relatively stable in the preceding six months. Turnover in April 2007 was considered normal. As was the case in most of the previous surveys, Easter fell in April this year.

From 2010 the BIS has included OTC foreign exchange derivatives in the foreign exchange turnover survey. The historical tables in this report have been adjusted accordingly.

## Turnover in the Norwegian foreign exchange market

### *By transaction type*

Table 1 shows the turnover in foreign exchange contracts in the last five surveys from the period April 1998 to April 2010. The activity in the Norwegian foreign exchange fell noticeably in April 2010 compared to the same month in 2007. Total turnover decreased by 27%, while the spot volume decreased by 30% and turnover in forwards was down by 28.3%. The market share of spot transactions in April 2010 was 10.4% while the market share of forwards was 87.2%. Both categories showed a small decline from April 2007.

By comparison, preliminary figures from the BIS show that total turnover in the global foreign exchange market increased by 20% from April 2007 to April 2010. Average daily turnover increased in this period to USD 4.0 trillion in April 2010 from USD 3.3 trillion in April 2007. At the same time the market share of Norwegian kroner fell to 1.3% of the global turnover from 2.1% in April 2007.

**Table 1a: Total turnover in F/X market in April, by transaction type. In millions of USD og NOK**

	1998	2001	2004	2007	2010
Spot	56 818	61 541	51 920	62 291	43 624
Forwards	111 268	169 893	221 492	512 242	367 529
- Outright Forwards	3 044	7 454	8 720	43 544	34 569
- F/X Swaps	108 224	162 439	212 772	468 698	332 960
Currency swaps	-	300	312	969	7 755
Foreign exchange options	1 015	1 726	938	1 966	2 717
Total USD million	169 101	233 460	274 662	577 468	421 625
Banking days in April	19	18	19	18	19
<b>Daily total</b>	<b>8 900</b>	<b>12 970</b>	<b>14 456</b>	<b>32 081</b>	<b>22 191</b>
Monthly average USD/NOK	7.53	9.09	6.92	6.00	5.92
Total NOK million	1 273 331	2 103 735	1 892 011	3 447 198	2 434 026
Daily total in NOK million	67 017	117 897	100 035	192 489	131 369

**Table 1b: Total turnover in F/X market in April. Percentage shares**

	1998	2001	2004	2007	2010
Spot	33.6 %	26.4 %	18.9 %	10.8 %	10.4 %
Forwards	65.8 %	72.8 %	80.7 %	88.7 %	87.2 %
- Outright Forwards	1.8 %	3.2 %	3.2 %	7.5 %	8.2 %
- F/X Swaps	64.0 %	69.6 %	77.5 %	81.2 %	79.0 %
Currency swaps	-	0.1 %	0.1 %	0.2 %	1.8 %
Foreign exchange options	0.6 %	0.7 %	0.3 %	0.3 %	0.6 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

**Table 1c: Average daily turnover in F/X market in April, by transaction type. In millions of USD.**

	1998	2001	2004	2007	2010
Spot	2 991	3 419	2 733	3 460	2 296
Forwards	5 856	9 438	11 658	28 458	19 344
- Outright Forwards	160	414	459	2 419	1 820
- F/X Swaps	5 696	9 024	11 199	26 039	17 524
Currency swaps	-	17	16	54	408
Foreign exchange options	53	96	49	109	143
Total	<b>8 900</b>	<b>12 970</b>	<b>14 456</b>	<b>32 081</b>	<b>22 191</b>

Source: Norges Bank. Transactions between local reporting banks are only counted once. Turnover figures for the F/X market cover spot, outright forwards, F/X swaps, currency swaps and foreign exchange options.

Average daily turnover in the Norwegian spot market fell to USD 2.3 billion in April 2010 from USD 3.5 billion in April 2007, down 33.6%. Average turnover was lower in April 2010 than in the four previous surveys. While turnover in Norway declined, turnover in the global spot market increased to USD 1.5 trillion in April 2010 from USD 1.0 trillion in April 2007, an increase of 48%.

Average daily turnover in the Norwegian forward market was USD 19.3 billion in April 2010, down from USD 28.5 billion in April 2007. The lower turnover may partly be blamed on the crisis in the global financial market, which began in 2008. Due to the financial crisis, banks may have reduced credit lines to other banks. Furthermore, central banks have added liquidity to the banking system and thereby reduced the incentives for banks to seek Norwegian krone liquidity through foreign exchange swaps. The swap arrangement, where the state and banks exchange treasury bills for covered bonds, may also have contributed to less activity in the forwards market. In addition, some activities in the forward market may have been moved to other financial centers.

The turnover in the foreign exchange OTC derivatives market is still relatively modest compared to the total turnover in the foreign exchange market. Monthly turnover in OTC options increased to USD 2.7 billion in April 2010 from USD 2.0 billion in April 2007, an increase of 38%. At the same time, use of currency swaps has increased markedly. Monthly turnover increased to USD 7.8 billion in April 2010 from USD 1.0 billion in April 2007, up seven times.

### *Currency distribution in the foreign exchange market*

In the last five surveys the US dollar has had a market share of more than 40% in the Norwegian foreign exchange market. From April 2007 to April 2010 its share decreased from 42.6% to 40.5%. Norwegian kroner had a market share of 30.3%, a small decline from 30.7% in April 2007. The market share for euro increased from 12.7% in April 2007 to 13.3% in April 2010. The share for other currencies increased from 14.0% in April 2007 to 15.9% in April 2010.

**Table 2a: Total turnover in the F/X market in April by currency. In millions of USD**

	1998	2001	2004	2007	2010
NOK	102 025	149 231	202 772	353 115	248 995
USD	140 331	204 358	224 011	489 567	333 222
EUR (DEM pre- 1999)	58 292	77 880	76 198	145 295	109 462
Other	37 482	34 832	45 720	161 089	130 627
Total	338 130	466 301	548 701	1 149 066	822 306

**Table 2b: Total turnover in the F/X market in April by currency. Percentage shares**

	1998	2001	2004	2007	2010
NOK	30.2 %	32.0 %	37.0 %	30.7 %	30.3 %
USD	41.5 %	43.8 %	40.8 %	42.6 %	40.5 %
EUR (DEM pre- 1999)	17.2 %	16.7 %	13.9 %	12.7 %	13.3 %
Other	11.1 %	7.5 %	8.3 %	14.0 %	15.9 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Norges Bank. Transactions between local reporting banks are only counted once, but total turnover is doubled because each foreign exchange transaction involves two currencies.

### *Currency distribution in the spot market*

The Norwegian krone's share increased from 23.5% in April 2007 to 28.1% in April 2010, while the share for US dollar during the same period was stable at around 22.0%. The share for euro did, however, fall from 41.1% in April 2007 to 34.2% in April 2010. Turnover in other currencies increased from 13.1% to 16.2%.

**Table 3a: Turnover in the F/X spot market in April. In millions of USD**

	1998	2001	2004	2007	2010
NOK	15 454	14 740	21 556	29 263	24 551
USD	33 977	42 309	27 400	27 745	18 786
EUR (DEM pre-1999)	46 931	55 009	42 791	51 212	29 788
Other	17 386	11 025	12 094	16 362	14 123
Total	113 635	123 083	103 841	124 582	87 248

**Table 3b: Turnover in the F/X spot market. Percentage shares**

	1998	2001	2004	2007	2010
NOK	13.6 %	12.0 %	20.8 %	23.5 %	28.1 %
USD	29.9 %	34.4 %	26.4 %	22.3 %	21.5 %
EUR (DEM pre- 1999)	41.3 %	44.7 %	41.2 %	41.1 %	34.2 %
Other	15.3 %	9.0 %	11.6 %	13.1 %	16.2 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Norges Bank. Transactions between local reporting banks are only counted once, but total turnover is doubled because each foreign exchange transaction involves two currencies.

### *Currency distribution in the forward market*

In the forward market, which includes outright and foreign exchange swaps, the US dollar was involved in 42.8% of the turnover in April 2010 against 45.0% in April 2007. In every survey since 1998 the US dollar has had a high market share of between 40% and 50%. This should come as no surprise since the pricing in the foreign exchange swap is largely based on the US dollar money market rates. The market share for US dollar has nevertheless been falling during the last few years. Turnover in euro represented 10.8% in April 2010 against 9.2% in April 2007. The share of turnover involving the Norwegian krone in the forward market decreased from 31.6% in 2007 to 30.5% in 2010. Turnover in “other currencies” increased further from 14.1% in 2007 to 15.9% in 2010. The most important “other currencies” were British pounds, with a share of 4.0%, the Swedish krona, at 2.2% and Japanese yen, with a share of 1.9%.

**Table 4a: Turnover in the forward market in April. In millions of USD**

	1998	2001	2004	2007	2010
NOK	86 360	133 267	180 369	323 852	224 444
USD	105 8621	160 975	196 456	461 646	314 436
EUR (DEM pre- 1999)	10 723	21 857	32 658	94 084	79 674
Other	19 773	23 687	33 501	144 902	116 504
Total	222 718	339 786	442 985	1 024 484	735 058

**Table 4b: Turnover in the forward market in April. Percentage shares**

	1998	2001	2004	2007	2010
NOK	38.8 %	39.2 %	40.7 %	31.6 %	30.5 %
USD	47.5 %	47.4 %	44.3 %	45.1 %	42.8 %
EUR (DEM pre- 1999)	4.8 %	6.4 %	7.4 %	9.2 %	10.8 %
Other	8.9 %	7.0 %	7.6 %	14.1 %	15.9 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Norges Bank. Transactions between local reporting banks are only counted once, but total turnover is doubled because each foreign exchange transaction involves two currencies. Figures prior to 2004 include currency swaps.

*Counterparties in the foreign exchange market (spot, outright and foreign exchange swaps)*  
 Cross-border trading accounted for 78.1% of the turnover in the Norwegian foreign exchange market in April 2010 against 79.2% in April 2007. Its share has been relatively stable at around 80% in the last five surveys. Trading between local reporting dealers accounted for 1.2% of turnover in April 2010 against just 0.5% of turnover in April 2007. Trading with other financial institutions increased its market share from 18.7% in April 2007 to 23.8% in April 2010. The market share for other customers increased from 14.2% in April 2007 to 15.5% in April 2010.

**Table 5a: Foreign Exchange turnover in April by counterparty. In millions of USD**

Counterparty \ Year	1998	2001	2004	2007	2010
Reporting dealers	141 368	201 207	209 279	385 625	249 543
- local	13 021	19 242	6 376	3 103	4 914
- cross-border	128 347	181 965	202 903	382 522	244 629
Other financial institutions	6 933	14 087	22 713	107 648	97 667
- local	-	9 880	15 089	43 202	29 032
- cross-border	-	4 207	7 624	64 446	68 635
Non financial customers	20 799	17 859	42 360	81 260	63 942
- local		16 834	35 092	73 326	56 117
- cross-border		1 024	7 268	7 934	7 825
Total	169 100	233 152	274 352	574 533	411 152
- local	37 033	45 956	56 558	119 631	90 063
- cross-border	132 067	187 196	217 794	454 902	321 089

**Table 5b: Foreign Exchange turnover in April by counterparty. Percentage shares**

Counterparty \ Year	1998	2001	2004	2007	2010
Reporting dealers	83.6 %	86.3 %	76.3 %	67.1 %	60,7 %
- local	7.7 %	8.3 %	2.3 %	0.5 %	1.2 %
- cross-border	75.9 %	78.0 %	74.0 %	66.6 %	59.5 %
Other financial institutions	4.1 %	6.0 %	8.3 %	18.7 %	23.8 %
- local	-	4.2 %	5.5 %	7.5 %	7.1 %
- cross-border	-	1.8 %	2.8 %	11.2 %	16.7 %
Non financial customers	12.3 %	7.7 %	15.4 %	14.2 %	15.5 %
- local	-	7.2 %	12.8 %	12.8 %	13.6 %
- cross-border	-	0.4 %	2.6 %	1.4 %	1.9 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
- local	21.9 %	19.7 %	20.6 %	20.8 %	21.9 %
- cross-border	78.1 %	80.3 %	79.4 %	79.2 %	78.1 %

Source: Norges Bank. Trades between local reporting dealers are only counted once. Includes currency swaps prior to 2007.

### *Maturities*

The bulk of the forward contracts had a maturity of seven days or less. In April 2010, the share was 60.5%, against 73.3% in April 2007. Contracts with maturities between seven days and one year had a share of 38.9% in April 2010 against 26.1% in April 2007. Contracts with maturities of over one year had a share of 0.6% in April 2010, unchanged from April 2007.

**Table 6: Turnover in the forward market (outright and foreign exchange swaps) in April, by maturity. In millions of USD and percentage shares**

Maturity	2004	Share	2007	Share	2010	Share
7 days or less	161 997	71.5 %	377 429	73.3 %	225 091	60.5 %
More than 7 days and up to 1 year	61 441	27,2 %	134 419	26.1 %	144 832	38.9 %
Over 1 year	3 030	1.3 %	3 106	0.6 %	2050	0.6 %
Total	226 468	100.0 %	514 954	100.0 %	371 973	100.0 %

Source: Norges Bank. Not adjusted for double counting as a result of transactions between local reporting dealers. Figures prior to 2007 include currency swaps.

#### *Currency distribution in the foreign exchange OTC derivatives market*

The Norwegian krone was involved in 39.0% of the turnover of foreign exchange OTC options in April 2010 against 30.9 percent in April 2007. The US dollar share decreased to 16.2%, the euro share increased to 38.9% while the share of other currencies fell to 5.9%. In the currency swap market, the Norwegian krone had a market share of 31.1% in April 2010, while the US dollar share increased to 29.6%. The euro share more than doubled, to 37.4%, while the share of other currencies fell to 1.9%.

**Table 7a: Turnover in OTC foreign exchange derivatives. In millions of USD**

Options	1998	2001	2004	2007	2010
NOK	211	1 234	848	1 213	2 119
USD	492	1 075	155	691	881
EUR (DEM pre- 1999)	638	1 014	749	1 338	2 114
Other	323	130	125	690	320
Total	1 663	3 453	1 876	3 932	5 434
Currency swaps	1998	2001	2004	2007	2010
NOK	-	223	118	969	4 827
USD	-	218	223	541	4 585
EUR (DEM pre- 1999)	-	85	170	280	5 798
Other	-	74	113	148	300
Total	-	600	624	1 938	15 510

**Table 7b: Turnover in OTC foreign exchange derivatives. Percentage shares**

Options	1998	2001	2004	2007	2010
NOK	12.7 %	35.7 %	45.2 %	30.9 %	39.0 %
USD	29.6 %	31.1 %	8.2 %	17.6 %	16.2 %
EUR (DEM pre- 1999)	38.3 %	29.4 %	39.9 %	34.0 %	38.9 %
Other	19.4 %	3.8 %	6.7 %	17.5 %	5.9 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Currency swaps	1998	2001	2004	2007	2010
NOK	-	37.2 %	18.9 %	50.0 %	31.1 %
USD	-	36.3 %	35.7 %	27.9 %	29.6 %
EUR (DEM pre- 1999)	-	14.2 %	27.3 %	14.5 %	37.4 %
Other	-	12.3 %	18.1 %	7.6 %	1.9 %
Total	-	100.0 %	100.0 %	100.0 %	100.0 %

Source: Norges Bank. Trades between local reporting dealers are only counted once.



### *Execution methods in the foreign exchange market*

In April 2010, 33.1% of the reported volume in the spot market was done by direct contact between reporting banks. This represents an increase from 26.2% in April 2007. At the same time, 39.6% of the volume was done directly with customers, against 34.2% in April 2007. In April 2010, 21.1% of the turnover in the spot market was arranged through electronic broking systems or matching, down from 35.6% in April 2007. The dominant providers of such services are Electronic Broking Services (EBS) and Thomson Reuters Matching.

Regarding turnover in foreign exchange swaps, in April 2010 40.5% of the reported volume was done by direct contact between banks, down from 49.5% in April 2007. In April 2010 16.1% of the volume was done directly with customers, down from 19.3% in April 2007. Electronic broking and matching systems in April 2010 had a market share of 25.7%, an increase from 22.9% in April 2007. Otherwise, it is interesting to notice that traditional voice brokers still play an important role in the foreign exchange swap market, while they have lost out to electronic brokers in the spot market. Voice brokers did almost double their market share, from 7.7% in April 2007 to 14.4% in April 2010. Internet based multi-bank dealing systems have increased their market share from April 2007 to April 2010, but still only play a relatively minor role in the foreign exchange market.

**Table 8a: The foreign exchange market in Norway in 2007 by execution method. In millions of USD**

<b>2007</b>	<b>Interdealer direct</b>	<b>Customer direct</b>	<b>Electronic Broking Systems</b>	<b>Multi-bank dealing systems</b>	<b>Single bank proprietary platforms</b>	<b>Voice broker</b>
Spot	16 439	21 457	22 321	59	2 428	36
Outright	13 817	26 928	37	74	568	2 403
F/X swaps	232 962	90 936	108 090	1 250	1 412	36 494
F/X options	713	1 065				222
<b>Total</b>	<b>263 931</b>	<b>140 386</b>	<b>130 448</b>	<b>1 383</b>	<b>4 408</b>	<b>39 155</b>

**Table 8b: The foreign exchange market in Norway in 2007 by execution method. Percentage shares**

<b>2007</b>	<b>Interdealer direct</b>	<b>Customer direct</b>	<b>Electronic Broking Systems</b>	<b>Multi-bank dealing systems</b>	<b>Single bank proprietary platforms</b>	<b>Voice broker</b>
Spot	26.2 %	34.2 %	35.6 %	0.1 %	3.9 %	0.0 %
Outright	31.5 %	61.4 %	0.1 %	0.2 %	1.3 %	5.5 %
F/X swaps	49.5 %	19.3 %	22.9 %	0.3 %	0.3 %	7.7 %
F/X options	35.7 %	53.2 %	-	-	-	11.1 %
<b>Total</b>	<b>45.5 %</b>	<b>24.2 %</b>	<b>22.5 %</b>	<b>0.2 %</b>	<b>0.8 %</b>	<b>6.8 %</b>

Source: Norges Bank



**Table 9a: The foreign exchange market in Norway in 2010 by execution method. In millions of USD**

2010	Interdealer direct	Customer direct	Electronic Broking Systems	Multi-bank dealing systems	Single bank proprietary platforms	Voice broker
Spot	14 587	17 456	9 277	554	2 141	-
Outright	2 235	25 335	5 571	942	357	133
F/X swaps	136 134	54 483	86 895	10 322	1 111	48 416
F/X options	306	2 364	-	-	47	-
Total	153 262	99 638	101 743	11 818	3 656	48 549

**Table 9b: The foreign exchange market in Norway in 2010 by execution method. Percentage shares**

2010	Interdealer direct	Customer direct	Electronic Broking Systems	Multi-bank dealing systems	Single bank proprietary platforms	Voice broker
Spot	33.1 %	39.6 %	21.1 %	1.3 %	4.9 %	-
Outright	6.5 %	73.3 %	16.1 %	2.7 %	1.0 %	0.4 %
F/X swaps	40.5 %	16.1 %	25.7 %	3.0 %	0.3 %	14.4 %
F/X options	11.3 %	87.0 %	-	-	1.7 %	-
Total	36.6 %	23.8 %	24.3 %	2.8 %	0.9 %	11.6 %

Source: Norges Bank

## Turnover in the Norwegian market for OTC interest rate derivatives

Total turnover in the Norwegian market for OTC interest rate derivatives was USD 227 billion in April 2010 against USD 120 billion in April 2007, an increase of 89.8%. Average daily turnover was USD 12 billion in April 2010 compared to USD 7 billion in April 2007, an increase of 77.4%. While forward rate agreements (FRAs) had a market share of 80.6% in April 2007, its share decreased to 29.9% in April 2010. At the same time there has been a sharp rise in the turnover of interest rate swaps. This is mainly due to more activity between a reporting dealer and a fully owned special purpose entity. (Adjusted for these trades, total turnover in the Norwegian market for OTC interest rate derivatives was USD 90.7 billion in April 2010, a decline of 24.2% compared to April 2007. The adjusted average daily turnover was USD 4.8 billion or NOK 23.8 billion.)

**Table 10a: Turnover in OTC interest rate derivatives in April by transaction type. In millions of USD and NOK.**

Instrument / Year	1998	2001	2004	2007	2010
Forward Rate Agreements (FRAs)	50 451	46 629	76 708	96 425	67 845
Interest rate swaps	2 943	5 422	17 800	21 896	158 855
Interest rate options	107	277	4 513	1 324	348
Total	53 501	52 328	99 021	119 645	227 048
Average per banking day	<b>2 816</b>	<b>2 907</b>	<b>5 212</b>	<b>6 736</b>	<b>11 950</b>
Total NOK million	402 863	475 662	685 225	717 870	1 344 124
Average per banking day NOK million	21 203	26 426	36 064	39 882	70 743

**Table 10b: Turnover in OTC interest rate derivatives in April by transaction type. Percentage shares**

Instrument / Year	1998	2001	2004	2007	2010
Forward Rate Agreements (FRAs)	94.3 %	89.1 %	77.5 %	80.6 %	29.9 %
Interest rate swaps	5.5 %	10.4 %	18.0 %	18.3 %	70.0 %
Interest rate options	0.2 %	0.5 %	4.5 %	1.1 %	0.1 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Norges Bank. Transactions between local reporting banks are onlu counted once.

### *Currency distribution*

The Norwegian krone was involved in 94.8% of the turnover of OTC interest rate derivatives in April 2010 against 88.4% in April 2007. The market share of US dollar is down by more than half, from 7.6% in April 2007 to 3.6% in April 2010.

**Table 11: Turnover in OTC interest rate derivatives in April by currency and transaction type. In millions of USD and percentage shares**

Forward Rate Agreements (FRAs)	2004	Share	2007	Share	2010	Share
NOK	76 055	99.1 %	92 080	95.5 %	66 595	98.2 %
USD	55	0.1 %	700	0.7 %	1 250	1.8 %
EUR	12	0.0 %	1 560	1.6 %	-	-
Other currencies	586	0.8 %	2 085	2.2 %	-	-
Total	76 708	100.0 %	96 425	100.0 %	67 845	100.0 %
<b>Interest rate swaps</b>						
NOK	16 108	90.5 %	12 485	57.0 %	148 259	93.3 %
USD	1 164	6.5 %	8 363	38.2 %	6 930	4.4 %
EUR	8	0.0 %	1 003	4.6 %	2 871	1.8 %
Other currencies	521	2.9 %	45	0.2 %	795	0.5 %
Total	17 800	100.0 %	21 896	100.0 %	158 855	100.0 %
<b>OTC options</b>						
NOK	2 437	54.0 %	1 190	89.9 %	348	100.0 %
USD	1 887	41.8 %	-	-	-	-
EUR	-	-	-	-	-	-
Other currencies	189	4.2 %	134	10.1 %	-	-
Total	4 513	100.0 %	1 324	100.0 %	348	100.0 %
<b>OTC derivatives total</b>	<b>2004</b>	<b>Share</b>	<b>2007</b>	<b>Share</b>	<b>2010</b>	<b>Share</b>
NOK	94 600	95.5 %	105 755	88.4 %	215 202	94.8 %
USD	3 106	3.1 %	9 063	7.6 %	8 180	3.6 %
EUR	20	0.0 %	2 563	2.1 %	2 871	1.3 %
Other currencies	1 296	1.3 %	2 264	1.9 %	795	0.3 %
Total	99 021	100.0 %	119 645	100.0 %	227 048	100.0 %

Source: Norges Bank. Trades between local reporting dealers are only counted once.

*Turnover by counterparty*

Norwegian counterparties increased their market share for OTC interest rate derivatives from 26.1% in April 2007 to 70.6% in April 2010. The main explanation is increased trading in interest rate swaps between a reporting dealer and a fully owned special purpose entity. The market share for cross-border trades fell from 73.9% in April 2007 to 29.4% in April 2010. Trading between Norwegian reporting dealers represented just 2.4% of turnover in April 2010, a decrease from 4.2% in April 2007. In April 2010, only 2.7% of total turnover in OTC interest rate derivatives was conducted with counterparties outside the financial sector against 11.2% in April 2007.

**Table12: Turnover in OTC interest rate derivatives by counterparty. In millions of USD**

Counterparty \ Year	2004	Share	2007	Share	2010	Share
Reporting dealers	73 673	74.4 %	78 753	65.8 %	52 353	23.1 %
- local	2 443	2.5 %	5 028	4.2 %	5 399	2.4 %
- cross-border	71 230	71.9 %	73 725	61.6 %	46 954	20.7 %
Other financial institutions	21 621	21.8 %	27 500	23.0 %	168 494	74.4 %
- local	4 942	5.0 %	18 700	15.6 %	148 949	65.6 %
- cross border	16 678	16.8 %	8 800	7.4 %	19 545	8.6 %
Non-financial customer	3 728	3.8 %	13 392	11.2 %	6 201	2.7 %
- local	3 349	3.4 %	7 487	6.3 %	5 863	2.6 %
- cross-border	379	0.4 %	5 905	4.9 %	338	0.1 %
Total	99 021	100.0 %	119 645	100.0 %	227 048	100.0 %
- local	10 734	10.8 %	31 215	26.1 %	160 211	70.6 %
- cross-border	88 287	89.2 %	88 430	73.9 %	66 837	29.4 %

Source: Norges Bank. Trades between local reporting dealers are only counted once.