ENNs for FX Markets
Update as of March 15, 2019

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 15, 2019 and are sourced from reports provided by registered Swap Data Repositories.

Compared to the prior report, total FX swap notional fell by just under 4% while total ENNs increased by just under 2%. Like the other asset classes, swap dealers represent the largest subset of ENNs, comprising just under two-thirds of the total risk-adjusted exposures. ENNs are spread out across a diverse set of currencies, but are generally dominated by USD, EUR and JPY exposures for US-regulated entities.

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

Sector	Notional	Delta-Adjusted Notional	Doubled-ENNs	ENNs (%)
SWAPDEALER	82.5	75.1	21.2	64.5%
BANK	6.7	6.4	2.6	8.0%
ASSET MANAGER	4.5	4.3	2.5	7.5%
HEDGE FUND	9.8	8.6	2.1	6.5%
CORPORATE	2.5	2.4	1.5	4.7%
PENSION FUND	1.4	1.4	0.8	2.5%
INSURANCE	0.7	0.7	0.5	1.4%
GOVT	0.6	0.6	0.4	1.2%
UNCLASSIFIED	1.8	1.7	1.2	3.6%
Total	110.6	101.3	32.9	
½ Notionals ; ENNs	**55.3**	**50.6**	**16.4**	

[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 include only delta-adjustments for FX options products. 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)[4]

Region	Currency	Notional	Doubled ENNs	ENNs (%)
American/ Caribbean	USD	50.7	12.3	37.6%
	CAD	2.9	1.0	3.1%
	BRL	0.9	0.2	0.7%
	Other	3.6	1.8	5.5%
Europe	EUR	15.7	5.2	16.0%
	GBP	7.1	2.5	7.6%
	CHF	1.8	0.7	2.0%
	Other	2.6	1.0	3.0%
Asia / Pacific	JPY	10.8	4.2	12.7%
	AUD	3.8	1.1	3.4%
	CNY	2.2	0.4	1.2%
	KRW	1.2	0.3	0.9%
	HKD	1.3	0.3	0.9%
	Other	4.3	1.2	3.7%
Other		1.8	0.5	1.6%
Total		110.6	32.9	
½ Notionals ; ENNs		**55.3**	**16.4**	

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

Sector	Swaps and Forwards	NDFs	Cross-Currency	Options	Total
SWAPDEALER	44.6	6.2	21.7	10.4	82.8
BANK	3.4	0.4	2.3	0.5	6.6
ASSET MANAGER	3.5	0.4	0.2	0.3	4.5
HEDGE FUND	6.6	0.8	0.7	1.7	9.8
CORPORATE	1.7	0.1	0.4	0.2	2.5
PENSION FUND	1.2	0.1	0.1	0.1	1.4
INSURANCE	0.5	0.0	0.2	0.1	0.7
GOVT	0.5	0.0	0.1	0.0	0.6
UNCLASSIFIED	1.1	0.1	0.3	0.1	1.5
Total	63.1	8.2	26.0	13.4	110.6
½ Notionals					55.3
% Cleared	0.1%	22.7%	0.2%	0.0%	1.8%

[4] Product-level ENNs in this table simply allocate total ENNs in the same proportions as the distribution of product-level notional amounts.