



TRADEWEB MARKETS MONTHLY ACTIVITY REPORT

AUGUST 2018

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TRADEWEB MARKETS – ACTIVITY RECAP

AUGUST 2018

AUGUST TRADE VOLUMES CONTINUED TO OUTPACE PRIOR-YEAR LEVELS

For the month of August 2018, overall market volumes generally reflected the summer seasonality. Nevertheless, volumes remained significantly higher year-over-year across major market segments. Average daily volume (ADV) for Tradeweb Markets of \$496 billion (bn) across rates, credit, money markets and equities in August 2018 increased 38.0 percent (%) compared to the prior year, while average daily trades totaled 37,246.

The front end of the U.S. Treasury curve continued to flatten during the month and the spread between the 2 Year and 5 Year U.S. Treasury notably fell below 10 basis points for the first time since August 2007. Market volatility in major fixed income and equity markets remained muted despite significant moves in certain emerging markets. Corporate debt issuers continued to shorten maturities after several years of significant long-dated issuance.

Activity in money markets at Tradeweb, as well as Corporate bonds with maturities 5 years and in, rose noticeably last month. Repo activity was up 39% year over year. U.S. credit trade volume grew in both electronically processed and fully electronic volumes despite the decline in TRACE volumes compared to the prior-year period. As a percentage of TRACE, Tradeweb's U.S. high-grade volumes were 10.2%, up from 6.9% in August 2017 while electronic high-grade volumes were 3.6% this month, up from 2.4% over the same period. Despite the overall lull in August, volumes on Tradeweb Direct set a new five-year high. The growth of equity derivatives trade volume was primarily attributable to a rise in RFQ trading in equity options in Europe.

Among the markets in which Tradeweb operates:

- Average daily volume (ADV) in U.S. Government Bonds of \$63.2 billion (bn) declined 2.9 percent (%) month over month (MoM) and rose 27.2% year over year (YoY).
- ADV in European Government Bonds of \$15.5 bn decreased 13.4% MoM and increased 39.6% YoY.
- ADV in Mortgages of \$108.4 bn declined 12.2% MoM and 9.5% YoY.
- ADV in Rates Derivatives of \$126.2 bn decreased 3.9% MoM and increased 199.0% YoY.
- In U.S. Credit, ADV in High-Grade of \$1.6 bn rose 10.7% MoM and 42.9% YoY while ADV in High-Yield of \$0.2 bn increased 10.1% MoM and 64.7% YoY.
- ADV in European Credit of \$0.9 bn decreased 17.4% MoM and increased 21.7% YoY.
- ADV in U.S. ETFs of \$1.9 bn rose 0.8% MoM and 20.0% YoY.
- ADV in European ETFs of \$0.9 bn decreased 7.4% MoM and increased 52.3% YoY.
- ADV in Chinese Bonds of \$0.5 bn declined 34.1% MoM and rose 115.9% YoY.

TRADEWEB MARKETS – SINGLE COUNT

AUGUST 2018

Business	Product	August 2018		July 2018		August 2017		MoM	YoY
		ADV (USD mm)	Volume (USD mm)	ADV (USD mm)	Volume (USD mm)	ADV (USD mm)	Volume (USD mm)	ADV	ADV
Rates	U.S. Government Bonds	63,192	1,453,410	65,072	1,366,514	49,684	1,142,737	-2.89%	27.19%
	European Government Bonds	15,455	355,463	17,847	392,625	11,069	254,587	-13.40%	39.62%
	Mortgages	108,351	2,492,062	123,469	2,592,839	119,731	2,753,823	-12.24%	-9.51%
	Other Government Bonds	1,685	38,756	2,083	44,778	1,287	29,235	-19.09%	30.98%
	Derivatives	126,244	2,901,724	131,324	2,801,895	42,222	968,877	-3.87%	199.00%
	EFP Futures	455	10,460	496	10,432	261	6,000	-8.37%	74.34%
Credit	U.S. High-Grade	1,619	37,244	1,463	30,721	1,133	26,055	10.69%	42.94%
	U.S. High-Yield	225	5,180	205	4,296	137	3,145	10.11%	64.73%
	European Credit	926	21,295	1,122	24,673	761	17,505	-17.44%	21.65%
	Municipal Bonds	256	5,887	239	5,023	269	6,189	7.01%	-4.88%
	Chinese Bonds	516	11,872	783	17,225	239	5,500	-34.08%	115.85%
	Other Credit Bonds	54	1,243	70	1,501	74	1,705	-22.47%	-27.11%
	Derivatives	4,406	101,329	4,907	105,690	3,274	75,307	-10.21%	34.55%
Money Markets	Repurchase Agreements (Repo)	148,361	3,412,292	143,666	3,047,765	106,416	2,447,578	3.27%	39.42%
	Other Money Markets	18,961	436,107	20,019	421,840	18,933	435,459	-5.28%	0.15%
Equities	U.S. ETFs	1,917	44,080	1,900	39,906	1,596	36,719	0.85%	20.05%
	European ETFs	898	20,656	970	21,336	590	13,562	-7.40%	52.31%
	Derivatives	1,357	31,203	1,297	28,319	504	11,583	4.63%	169.40%
	EFP Futures	993	22,842	1,050	22,042	1,075	24,715	-5.38%	-7.58%

	ADV (USD mm)	Average Daily Trades	ADV (USD mm)	Average Daily Trades	ADV (USD mm)	Average Daily Trades
Total	495,869	37,246	517,979	37,695	359,255	32,275

PRODUCT CATEGORIES INCLUDE

U.S. Government Bonds: U.S. Treasury bills, notes and bonds, and Treasury Inflation-protected Securities.

Other Government Bonds: Japanese, Australian and New Zealand government bonds, covered bonds (including Pfandbriefe), other government-guaranteed securities, supranational, sub-sovereign and agency bonds/debentures.

Mortgages: To-be-announced mortgage-backed securities, specified pools, commercial mortgage-backed securities, other mortgage derivatives and other asset-backed securities.

Rates Derivatives: Swaps and swapions.

Rates EFP Futures: Government bond futures leg of exchange for physicals (EFPs).

U.S. High-Grade and High-Yield: All TRACE-reported corporates, excluding convertibles (see page 3 for segmentation methodology)

Chinese Bonds: Chinese Interbank Bond Market (CIBM) instruments – government and corporate – transacted via Bond Connect Company Limited (BCCL).

Other Credit Bonds: Other developed market (including non-TRACE-reported bonds, preferreds and structured notes), developing and emerging market corporate and government bonds.

Credit Derivatives: Index and single name credit default swaps.

Other Money Markets: Agency discount notes, commercial paper, certificates of deposits (including structured CDs), and deposits.

ETF: Exchange traded funds (ETFs), ETF leg of EFPs, and net asset value trades.

Equity Derivatives: Swaps, options, and convertible bonds.

Equities EFP Futures: Futures leg of EFPs.

VOLUMES

Volumes include Tradeweb, Dealerweb and Tradeweb Direct. Except with respect to U.S. Treasuries, both legs of a trade are included in volume totals where the trade is fully-anonymous and a Tradeweb broker-dealer is the matched principal counterparty.

All volumes converted to U.S. Dollars.

Volumes for mortgages represent current face value at time of trade.

U.S. CORPORATE AND MUNICIPAL BONDS

USING MARKET REPORTING STANDARDS

AUGUST 2018

TRADEWEB MARKETS

Product	Type	August 2018						July 2018						August 2017						MoM		YoY	
		Volume (USD mm)			Trades			Volume (USD mm)			Trades			Volume (USD mm)			Trades			ADV	ADT	ADV	ADT
		ADV	Total	% of Reported	ADT	Total	% of Reported	ADV	Total	% of Reported	ADT	Total	% of Reported	ADV	Total	% of Reported	ADT	Total	% of Reported				
U.S. High-Grade	Electronically Processed	1,105	25,410	6.6%	170	3,905	0.4%	1,047	21,978	5.7%	167	3,502	0.4%	802	18,443	4.5%	106	2,438	0.3%	5.56%	1.81%	37.77%	60.17%
	Fully Electronic	605	13,924	3.6%	8,224	189,153	19.6%	508	10,667	2.7%	7,976	167,506	19.0%	431	9,905	2.4%	7,608	174,983	21.2%	19.18%	3.10%	40.57%	8.10%
	Total	1,710	39,334	10.2%	8,394	193,058	20.0%	1,555	32,645	8.4%	8,143	171,008	19.4%	1,233	28,348	6.9%	7,714	177,421	21.5%	10.01%	3.08%	38.75%	8.81%
U.S. High-Yield	Electronically Processed	163	3,760	2.6%	43	991	0.4%	145	3,052	2.1%	41	865	0.3%	82	1,876	1.2%	24	560	0.2%	12.49%	4.60%	100.42%	76.96%
	Fully Electronic	70	1,609	1.1%	1,151	26,484	9.9%	68	1,432	1.0%	1,191	25,011	9.7%	71	1,639	1.1%	1,540	35,427	13.0%	2.58%	-3.32%	-1.79%	-25.24%
	Total	233	5,369	3.7%	1,195	27,475	10.3%	214	4,484	3.0%	1,232	25,876	10.1%	153	3,515	2.3%	1,565	35,987	13.3%	9.32%	-3.05%	52.77%	-23.65%
Municipal Bond*	Total	-	-	-	-	-	-	389	8,168	3.6%	7,879	165,462	21.4%	429	9,860	4.5%	7,910	181,922	21.9%	-	-	-	-

REPORTED MARKET

Product	August 2018						July 2018						August 2017						MoM		YoY	
	Volume (USD mm)			Trades			Volume (USD mm)			Trades			Volume (USD mm)			Trades			ADV	ADT	ADV	ADT
	ADV	Total		ADT	Total		ADV	Total		ADT	Total		ADV	Total		ADT	Total					
U.S. High-Grade (TRACE)	16,823	386,931		42,064	967,467		18,502	388,541		42,053	883,118		17,801	409,423		35,816	823,770		-9.07%	0.03%	-5.49%	17.44%
U.S. High-Yield (TRACE)	6,303	144,968		11,640	267,720		7,081	148,703		12,232	256,880		6,746	155,157		11,805	271,521		-10.99%	-4.84%	-6.57%	-1.40%
Municipal Bonds (MSRB)*	-	-		-	-		10,762	226,010		36,751	771,779		9,471	217,830		36,080	829,847		-	-	-	-

FOOTNOTES

Numbers include all activity on Tradeweb, Dealerweb and Tradeweb Direct.

Corporate bond volume and trade count numbers reflect all trades reported to TRACE, excluding emerging market and convertible bonds.

Monthly average capped volumes for HG and HY applied to capped trades.

Municipal bond volume and trade count numbers reflect all trades reported to MSRB.

Electronically Processed include voice trades processed electronically on Tradeweb.

Day counts for corporate bonds reflect all SIFMA trading days.

Day counts for municipal bonds reflect all MSRB reporting days.

Segmentation between HG and HY determined using the following methodology and ratings from Standards & Poor's (S&P), Moody's Investor Services and Fitch Ratings:

- If 2 of 3 of the bond's ratings are equal to or worse than BB+/Ba1/BB+ (but not including "other ratings") then the bond is HY.
- If 1 of 3 of the bond's ratings are equal to or worse than BB+/Ba1/BB+, and none are better, then the bond is HY.
- If the bond is not rated by any agency then the bond is HY.
- If 3 of 3 of the bond's ratings are better than BB+/Ba1/BB+ (but not including "other ratings") then the bond is HG.
- If 2 of 3 of the bond's ratings are better than BB+/Ba1/BB+ then the bond is HG.
- If 1 of 3 of the bond's ratings are better than BB+/Ba1/BB+, and none are equal or worse, then the bond is HG.
- If 1 of 3 of the bond's ratings are better than BB+/Ba1/BB+ and 1 of 3 are equal or worse, then the bond is HG. (i.e. The bond is split rated: 1 HG, 1 HY)

* MSRB volumes are not available at time of publication. Data will be updated when it becomes available.

DERIVATIVES, MORTGAGES AND U.S. ETFS

USING MARKET REPORTING STANDARDS

AUGUST 2018

TRADEWEB MARKETS

Product	August 2018						July 2018						August 2017						MoM		YoY	
	Volume (USD mm)			DV01 (USD mm)			Volume (USD mm)			DV01 (USD mm)			Volume (USD mm)			DV01 (USD mm)			ADV	AD DV01	ADV	AD DV01
	ADV	Total	% of Reported	Avg Daily	Total	% of Reported	ADV	Total	% of Reported	Avg Daily	Total	% of Reported	ADV	Total	% of Reported	Avg Daily	Total	% of Reported				
Rates Derivatives (SEF)	60,869	1,399,993	21.9%	28	652	37.6%	64,998	1,429,946	23.5%	26	565	34.3%	36,934	849,484	19.6%	19	436	31.6%	-6.35%	10.41%	64.81%	49.70%
Credit Derivatives (SEF)	3,121	71,784	14.3%	-	-	-	3,237	71,215	13.8%	-	-	-	2,917	67,098	12.1%	-	-	-	-3.58%	-	6.98%	-
Mortgages*	-	-	-	-	-	-	123,595	2,595,497	53.1%	-	-	-	119,881	2,757,274	54.9%	-	-	-	-100.00%	-	-100.00%	-
U.S. ETFS	1,917	44,080	2.7%	-	-	-	1,900	39,906	2.6%	-	-	-	1,596	36,719	2.4%	-	-	-	0.85%	-	20.05%	-

REPORTED MARKET

Product	August 2018						July 2018						August 2017						MoM		YoY	
	Volume (USD mm)			DV01 (USD mm)			Volume (USD mm)			DV01 (USD mm)			Volume (USD mm)			DV01 (USD mm)			ADV	AD DV01	ADV	AD DV01
	ADV	Total		Avg Daily	Total		ADV	Total		Avg Daily	Total		ADV	Total		Avg Daily	Total					
Rates Derivatives (SEF)	278,161	6,397,708		75	1,733		276,891	6,091,596		75	1,649		188,910	4,344,934		60	1,378		0.46%	0.50%	47.25%	25.78%
Credit Derivatives (SEF)	21,828	502,042		-	-		23,395	514,697		-	-		24,166	555,829		-	-		-6.70%	-	-9.68%	-
Mortgages (TRACE)*	-	-		-	-		232,711	4,886,922		-	-		218,550	5,026,655		-	-		-	-	-	-
U.S. ETFS (CBOE)	70,989	1,632,758		-	-		74,474	1,563,964		-	-		66,145	1,521,346		-	-		-4.68%	-	7.32%	-

FOOTNOTES

Numbers include all activity executed on Tradeweb, Dealerweb and Tradeweb Direct.

Swaps

- All volumes converted to U.S. Dollars.
- DV01 (dollar value of 1 basis point) is calculated at time of trade based on internal model.
- Volumes and DV01s include all reported legs of multiple leg trades.
- Day counts reflect all SEF trading days.

Mortgages

- Numbers include TBAs, other MBS, and ABS products.
- Volumes reflect all trades reported to TRACE.
- Volumes for non-TBA securitized products are original par values of the securities.

ETFs

- ETFs include ETFs and the ETF leg of EFP trades.
- Total (notional) volumes from Cboe Global Markets.

* TRACE mortgage volumes are not available at time of publication. Data will be updated when it becomes available.

TOTAL SEF VOLUMES AND DV01 (EXCLUDING FRAS) FROM 

DISCLOSURES

AUGUST 2018

ABOUT TRADEWEB MARKETS

Tradeweb Markets builds and operates many of the world's most efficient financial marketplaces, providing market participants with greater transparency and efficiency in fixed income and derivatives. Focused on applying technology to enhance efficiency throughout the trade lifecycle, Tradeweb pioneered straight-through-processing in fixed income and now supports marketplaces for more than 20 asset classes with electronic execution, processing, post-trade analysis and market data in an integrated workflow. Tradeweb Markets serves the dealer-to-customer markets through the Tradeweb institutional platform, inter-dealer trading through Dealerweb, and the US-based retail fixed income community on Tradeweb Direct. Customers rely on Tradeweb to drive the evolution of fixed income and derivatives through flexible trading architecture and more efficient, transparent markets. For more information, visit www.tradeweb.com.

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