Warsaw, 4 April 2013

**Derivatives Market in March 2013**

*PRESS RELEASE*

* **The volume of trading in all derivatives was 1.3 million instruments in March 2013.**
* **The number of open interest was 211.7 thousand at the end of March 2013.**

**WIG20 futures**

* The volume of trading in WIG20 futures was 896.8 thousand contracts in March 2013;
* The number of open interest in WIG20 futures was 116.4 thousand contracts at the end of March 2013.

**Options**

* The volume of trading in WIG20 options was 74.4 thousand options in March 2013;
* The number of open interest in options was 35.8 thousand options at the end of March 2013.

**Single-stock futures**

* The volume of trading in single-stock futures was 75.1 thousand contracts in March 2013;
* The number of open interest in single-stock futures was 11.4 thousand contracts at the end of March 2013;
* The most traded single-stock futures in March were:

No. Underlying Trading volume (#) in March 2013

1. PKO BP SA 19 030
2. KGHM SA 17 991
3. PKN ORLEN SA 14 555
4. GRUPA LOTOS SA 5 971
5. TPSA 4 855

**Currency futures**

* The volume of trading in currency futures was 241.2 thousand contracts in March 2013\*;
* The most traded currency futures in March 2013 were USD/PLN futures. The volume of trading in USD/PLN futures was 217.7 thousand contracts, representing 90.3% of the volume of trading in all currency futures;
* The number of open interest in currency futures was 36.7 thousand contracts at the end of March 2013.

For more statistics, see Table 1 and Figures 1 and 2 below.

\*All figures concerning trade in derivatives include the change in the standard specification of currency futures contracts as of 1 May 2012 whereby the size of such contracts was divided by 10.

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Derivative instruments are the most effective tool which can be used to manage specific risks. Derivatives based on indices and single stocks can be used to manage market risk, for instance to hedge an existing equities portfolio against a decrease in value. Currency futures can be used to hedge against the risk of disadvantageous changes of an exchange rate. This means that derivatives can be used for instance by entities which hold specific currency positions with respect to the following exchange rates: USD/PLN, EUR/PLN, CHF/PLN. Particularly important are options, which provide great flexibility in building hedging strategies. The WSE lists options which expire on four different dates; many series of call and put options with different strike prices are available for each expiry date. Options can be used to build hedging strategies according to different market scenarios and at a different cost of hedging.

Derivative instruments are also an effective investment tool. Derivatives can be profitable when the value of the underlying instrument increases or decreases. Investments in derivatives involve a high leverage. Again, options are particularly important due to their various applications. Options can be used not only to invest in an expected increase or decrease of the value of the underlying instrument but also an increase or decrease of market volatility, etc. Arbitrage strategies, employed mainly by institutional investors, are a special variety of investment strategies.

**Table 1**

Volume of trading (including block trades):

* in March 2013;
* in April 2012 – March 2013;
* number of open interest (NOI) at the end of March 2013.

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **INSTRUMENT** |  |  |
| **VOLUME OF TRADING** | **NOI** |
| **(#)** | **(#)** |
| **MARCH** |  **JAN - MAR 2013**  | **JAN - MAR 2012** | **CHANGE** | **LAST 12 MONTHS APR'12-MAR'13** | **2012** | **CHANGE** | **end of MARCH** |
| **2013** | **2012** | **CHANGE** | **(%)** | **(%)** | **2013** | **2012** | **CHANGE** |
| **(%)** |   |  |   | **(%)** |
| 1 | WIG20 FUTURES | 896 840 | 947 525 | -5,35% | 2 091 279 | 2 401 434 | -12,92% | 8 766 885 | 9 077 040 | -3,42% | 116 350 | 97 422 | 19,43% |
| 2 | mWIG40 FUTURES | 3 167 | 1 466 | 116,03% | 6 423 | 4 074 | 57,66% | 16 397 | 14 048 | 16,72% | 908 | 300 | 202,67% |
| 3 | SINGLE STOCK FUTURES | 75 100 | 51 098 | 46,97% | 203 810 | 147 107 | 38,55% | 597 033 | 540 330 | 10,49% | 11 352 | 11 617 | -2,28% |
| 4 | CURRENCY FUTURES | 241 234 | 17 210 | 1301,71% | 676 089 | 57 513 | 1075,54% | 1 579 511 | 960 935 | 64,37% | 36 732 | 1 885 | 1848,65% |
| 5 | WIG20 OPTIONS | 74 361 | 64 332 | 15,59% | 186 118 | 142 844 | 30,29% | 758 638 | 715 364 | 6,05% | 35 833 | 25 176 | 42,33% |
| 6 | INDEX PARTICIPATION UNITS | 1 010 | 2 075 | -51,33% | 1 942 | 5 364 | -63,80% | 25 188 | 28 610 | -11,96% | 10 520 | 11 744 | -10,42% |
|   | TOTAL | **1 291 712** | **1 083 706** | **19,19%** | **3 165 661** | **2 758 336** | **14,77%** | **11 743 652** | **11 336 327** | **3,59%** | **211 695** | **148 144** | **42,90%** |

\* The statistics of currency futures contracts include the change of the standard specification of currency futures as of 1 May 2012 whereby the size of such contracts was divided by 10. The volume of trading in currency futures contracts reported in March 2013 converted to the contract size before the change would be equal to 24,123 contracts.

**Figure 1**

Annual volume of trading (including block trades) in all derivative instruments listed on the WSE in 1998 – March 2013 (million instruments).

**Figure 2**

Total number of open interest in all derivative instruments at year-end and at the end of March 2013 (thousand instruments).