

# Interest Rate ENNs: Futures Addendum Analysis as of September 13, 2019

by

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Entity-netted notionals were introduced in a paper published in the beginning of 2018; ENNs, in that original paper, aimed to provide a measure for the amount of risk transfer in rate swaps that is comparable to measures used for other interest rate markets, such as U.S. Treasury securities and corporate bond markets.<sup>2</sup> More recently, the work developing entity-netted notional values for the interest rate market was expanded to another interest rate derivatives market – interest rate futures. The first interest rate futures quarterly ENNs report was published in September 2019, summarizing positions as of 2Q 2019.<sup>3</sup>

This report provides an update on risk-adjusted interest rate futures positions as of 3Q 2019. Relatively to the prior quarter, ENNs values have increased slightly (on an aggregate basis, by around 2 percent), matching increases in interest rate swap ENNs quarter-on-quarter. This quarterly trend is actually in contrast to the changes in pure notional exposures for ENNs futures, which decreased by around 7 percent over the same time period. This difference is primarily due to changes in the duration adjustment in the ENNs calculation – average duration of interest rate futures increased, with notional decreases in the short-dated Eurodollar contract, but offsetting notional increases in the longer dated Treasury futures.

Trends at the level of participant type were similar to those at the aggregate level. The two participant groups with the largest Eurodollar exposures (Intermediaries and Leveraged Speculators) reduced their positions on a notional basis but ENNs equivalents were generally flat or increasing. For those participant groups with lower Eurodollar exposures, like the Other Financials and the Non-Financials groups, both notional and ENNs values tended to be flat or decreasing.

Please send any questions or comments about the analysis to the corresponding authors.

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<sup>2</sup> The link to the original paper can be found [here](#). An update as of June 2019 can be found [here](#).

<sup>3</sup> The original futures ENNs report, which includes a detailed discussion of the methodology, can be found [here](#).

**Table 1: Futures ENNs by Financial Contract**

Contract	Notional Amounts (\$tns)		Notional Amounts in 5-Year Equivalents (\$tns)			
	Long	Short	Long	Short	ENNs Long	ENNs Short
2 Year Note	0.72	0.74	0.24	0.25	0.22	0.23
5 Year Note	0.59	0.59	0.38	0.38	0.28	0.28
10 Year Note	0.72	0.72	0.54	0.54	0.38	0.39
Ultra 10 Year Note	0.07	0.07	0.18	0.17	0.13	0.12
30 Year Bond	0.20	0.20	0.34	0.36	0.26	0.28
Ultra 30 Year Bond	0.10	0.11	0.73	0.80	0.57	0.64
Eurodollar	73.28	73.26	0.66	0.65	0.30	0.29
	<b>75.68</b>	<b>75.69</b>	<b>3.07</b>	<b>3.15</b>	<b>2.14</b>	<b>2.23</b>
<b>Aggregate Netting</b>					<b>1.61</b>	<b>1.69</b>

**Table 2: Futures ENNs by Participant Type**

Participant Type	Notional Amounts (\$tns)		Notional Amounts in 5-Year Equivalents (\$tns)			
	Long	Short	Long	Short	ENNs Long	ENNs Short
Asset Manager	5.90	8.01	1.82	1.08	1.00	0.26
Intermediary	14.63	15.52	0.40	0.58	0.18	0.36
Leveraged Speculator	53.80	51.04	0.65	1.38	0.27	1.01
Other Financial	0.80	0.88	0.19	0.10	0.15	0.05
Non-Financial	0.55	0.24	0.01	0.01	0.01	0.01
	<b>75.68</b>	<b>75.69</b>	<b>3.07</b>	<b>3.15</b>	<b>1.61</b>	<b>1.69</b>