



FINANCIAL MARKETS SERIES

# BOND MARKETS

JULY 2011



TheCityUK is an independent membership body, established in June 2010, promoting the UK financial and related professional services industry.

TheCityUK's key areas of activity include:

- Promoting the UK-based industry as a world leader offering unrivalled service and expertise to partners around the world.
- Creating a partnership for a sustainable industry: demonstrating the industry's role in enabling growth and prosperity in the wider UK economy.
- Using research, evidence, insight, data and analysis to meet the needs of its members and to provide the evidence to support our promotional objectives.

# BOND MARKETS

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The importance of bond markets as a source of finance has increased during the economic slowdown as companies diversified away from reliance on banks for funding and many governments increased borrowing. This report provides an overview of the global bond market with particular emphasis on the UK's role as one of the largest centres for issuance and trading of international bonds.

## SUMMARY

Amounts outstanding on the global bond market increased by 5% in 2010 to a record \$95 trillion (Chart 1). Domestic bonds accounted for 70% of the total and international bonds for the remainder. The considerable growth in the size of the global bond market over the past decade means that at the end of 2010 it was much larger than the global equity market which had a market capitalisation of around \$55 trillion.

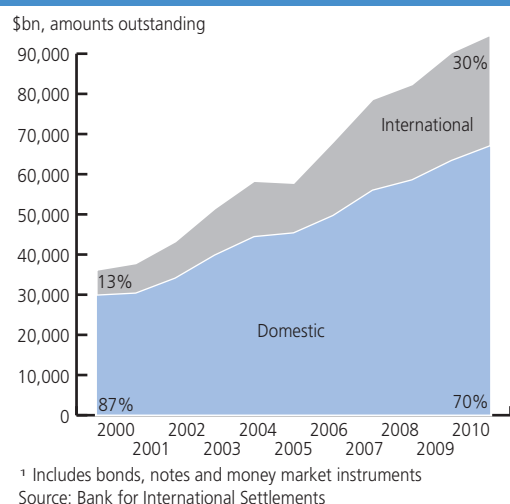
**Domestic bonds** The global outstanding value of domestic bonds grew by 6% in 2010 to \$66 trillion primarily due to strong government bond issuance for the second year running (Chart 2). The US was the largest market with 38% of the value outstanding, followed by Japan 20%. Issuance in the US totalled \$6.7 trillion in 2010, 2% down on the previous year.

Government bonds accounted for 57% of the outstanding value of domestic bonds in 2010, up from around a half two years earlier. Demand for government bonds in many countries has been strong since the start of the economic slowdown as investors avoided more risky investments. Concerns about the ability of some countries to continue to finance their debt have come to the forefront since late 2009. This was partly a result of large debt taken on by these governments in order to reverse the economic downturn, finance bank bailouts and sustain public spending in market conditions of lower tax revenues. Greece's credit rating has been downgraded a number of times. Other countries with high budget deficits such as Portugal, Ireland, Turkey, Italy and Spain have also seen downgrades. Increasing concern about the ability of some government's to repay debt, has resulted in a significant widening of government bond yields.

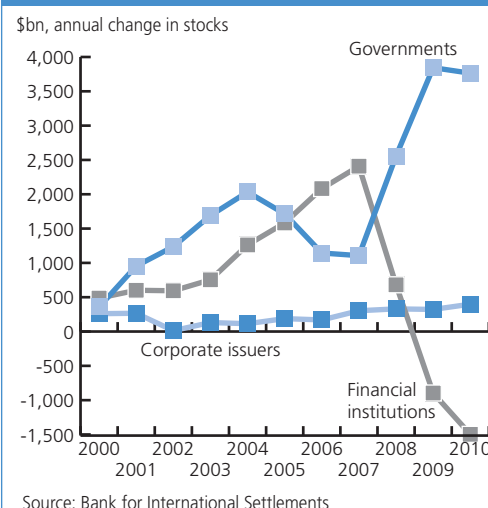
The corporate bond market remained strong in 2010 following on from the rally in 2009 which drove borrowing costs lower. According to Dealogic, bookrunners' deal volume from global debt capital markets totalled \$6.05 trillion in 2010, down 2% from the previous year but nearly 40% up on the volume two years earlier. The slow pace of corporate bond deal volume in

Amounts outstanding on the global bond market up 5% in 2010 to a record **\$95 trillion**

**Chart 1**  
World bond market



**Chart 2**  
Domestic bond markets, annual change in stocks



Europe resulting from concerns about government finances in some countries, was largely offset by an increase in activity in the US. Global deal volume totalled \$1.8 trillion in the first quarter of 2011, down 4% on the same period in the previous year. Issuers from both the US and Europe raised record amounts of high yield debt in 2010, up 66% during the year to \$217bn and up 46% to \$56bn respectively. Although Europe's corporate bond markets are less developed than in the US, they are gaining importance as many companies are diversifying their funding sources due to increased difficulties in obtaining finance from banks.

**International bonds** The outstanding value of international bonds increased by 3% in 2010 to \$27.7 trillion. The \$1.5 trillion issued during the year was down 35% on the previous year's total (Chart 3). The first quarter of 2011 was off to a strong start with issuance of nearly \$500bn. Countries which experienced a slower pace of recovery generally saw a decline in international bond issuance in 2010. The US was the leading centre for international bonds in 2010 and accounted for nearly 40% of global issuance. Other leading centres included France (11% of the total), Netherlands (8%) and Greece (6%). The US was also the leading centre in terms of value of bonds outstanding with 24% of the total at the end of 2010, followed by the UK 13%.

**UK bond market** The nominal value of bonds outstanding of UK-based issuers totalled a record £3,440bn in 2010, up 3% on the previous year. The UK's substantial domestic market in bonds is complemented by London's continuing role as a major centre for issuance and the trading of international bonds. Government bond issuance was particularly strong during the year. The outstanding value of international bonds issued in the UK on the other hand increased only marginally in 2010 for the second year running, after having doubled in value between 2005 and 2008. London is the leading centre for international bond trading with an estimated 70% of secondary market turnover. Excluding financial interventions, UK public sector net debt grew by 19% in 2010/11 to £905bn. Including financial sector interventions, net debt stood at £2.4 trillion. Excluding financial sector interventions, net debt as a percent of GDP increased from 53% to 60% in 2010/11 and is projected by the Office for Budget Responsibility to rise to 71% by 2013/14.

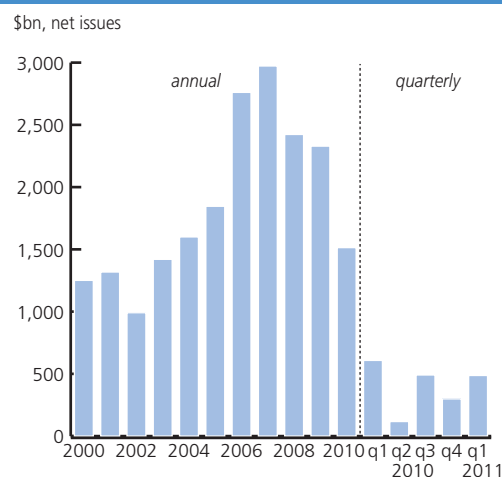
## BOND MARKETS WORLDWIDE

The amounts outstanding on the global bond market totalled a record \$95 trillion in 2010, up 5% on the previous year (Chart 1). Domestic bond markets accounted for 70% of the total, and international bonds for the remainder. As a proportion of global GDP, the world bond market increased to 130% at the end of 2010 from 80% a decade earlier. Amongst more developed countries, the ratio between the value of the overall bond market and GDP was highest in the UK largely due to the high proportion of international bonds in the UK's total. The next largest markets in relation to GDP were Italy, the US, Japan and France (Chart 4). The considerable growth in the size of the global bond market over the past decade means that at the end of 2010 it was much larger than the global equity market which had a market capitalisation of around \$55 trillion.

**Domestic bond markets** The outstanding value of domestic bonds increased by 6% in 2010 to \$66 trillion primarily due to strong government

## Value of outstanding UK bonds reaches £3.4 trillion

**Chart 3**  
Issuance on international bond market



Source: Bank for International Settlements

**Table 1**  
London's share of the international bond market

% share	---- 2010 ----		---- 2009 ----	
	UK	Rest of world	UK	Rest of world
Issuance	2	98	6	94
Secondary trading	70	30	70	30
Amounts outstanding	13	87	14	86

Source: Bank for International Settlements; TheCityUK estimates

**Table 2**  
Domestic bond market by nationality of issuer

\$bn outstanding, 2010	Total	----- of which -----		
		Public	Financial	Corporate
US	25,158	10,746	11,524	2,888
Japan	13,275	11,213	1,206	856
France	3,199	1,696	1,208	295
Italy	3,082	1,975	731	376
China	2,969	1,617	859	493
Germany	2,689	1,556	785	348
UK	1,687	1,344	322	21
Spain	1,466	606	837	23
Canada	1,389	971	262	156
Other	11,421	6,150	4,163	1,107
World	66,335	37,874	21,897	6,564

Source: World Federation of Exchanges

**Table 3**  
Bonds by market-place

Market place	Currency	Issuer	Main market	Syndicate	Primary investors
Domestic	Domestic	Domestic	Domestic	Domestic	Domestic
Foreign	Domestic	Foreign	Domestic	Domestic	Domestic
Euro	Eurocurrency	Any	Internat.	Internat.	Internat.

Source: International Capital Market Association (ICMA)

bond issuance for the second year running (Chart 2). The US was the largest market with 38% of the total followed by Japan 20% (Table 2). The large share of the US and Japanese markets primarily stems from the size of their individual economies as well as the high level of government borrowing over time. Emerging market corporate and government bonds have seen a strong increase over the past year, a sign of growing investor interest in opportunities outside the more developed markets.

Government bonds accounted for 57% of the outstanding value of domestic bonds in 2010, up from a half two years earlier. This was partly a result of large debt taken on by some governments in order to reverse the economic downturn, finance bank bailouts and sustain public spending in market conditions of lower tax revenues. Demand for government bonds in many countries has been strong during the economic slowdown as investors avoided more risky investments. The historically low yields on government bonds in advanced economies are likely to rise however as the global economy recovers and risk appetite returns to the market. Other countries such as Greece, Ireland, Portugal and Spain have seen rising yields since the start of the economic downturn, with some yields on government bonds hitting record levels due to concerns about the ability of these countries to finance and service their debt.

The corporate bond market remained strong in 2010 following on from the rally in 2009 which drove borrowing costs sharply lower. According to Dealogic, bookrunners' deal volume from global debt capital markets which largely consists of corporate bond trading, totalled \$6.05 trillion in 2010, down 2% from the previous year but nearly 40% up on the volume two years earlier (Chart 5). The slow pace of corporate bond deal volume in Europe resulting from the crisis in public finances in some countries, was largely offset by an increase in activity in the US. Global deal volume totalled \$1.8 trillion in the first quarter of 2011, down 4% on the same period in the previous year. Issuers from both the US and Europe raised record amounts of high yield debt in 2010, up 66% during the year to \$217bn and up 46% to \$56bn respectively. Barclays Capital, JP Morgan and Deutsche Bank were the leading global bookrunners in 2010 (Table 4).

The US bond market is the largest securities market in the world. The value outstanding on this market has doubled in the decade up to 2010 to \$35 trillion. Mortgage-backed bonds accounted for around a quarter of the total or some \$8.5 trillion. Treasury bonds accounted for \$8.8 trillion, corporate debt \$7.5 trillion, with most of the remainder in Federal Agency securities and municipal bonds. Issuance of US domestic bonds totalled \$6.7 trillion in 2010, 2% down on the previous year. Issuance of Treasury bonds increased by 5% and more than tripled over the past three years to \$2.3 trillion. Mortgage related bond issuance declined by 15% during the year while corporate bond issuance grew 18%.

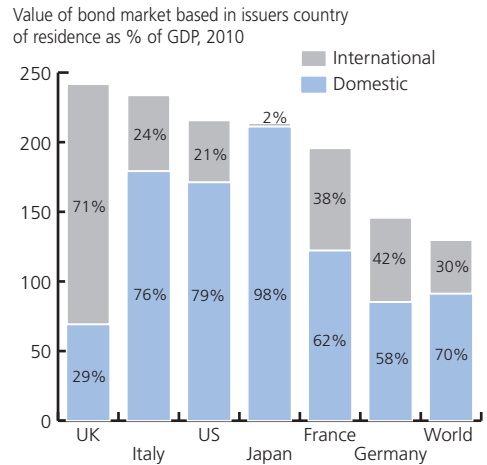
In relation to the size of the economy, in Europe, public sector debt is highest in Greece (134% of GDP), Italy (119%), Portugal (91%) and Ireland (87%). Net government debt is set to increase in the next few years due to the high level of projected government borrowing in many countries.

The US corporate bond markets have long been an important source of capital for issuers, with daily trading volume of \$16bn and more than 400

# International bonds

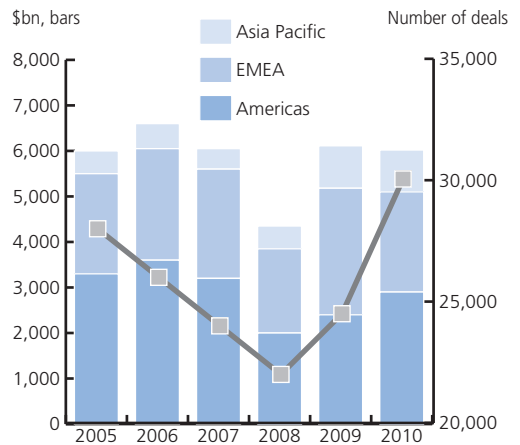
account for over 70% of outstanding UK bonds

**Chart 4**  
Relative size of bond market



Source: Bank for International Settlements; IMF

**Chart 5**  
Global debt capital markets volume<sup>1</sup>



<sup>1</sup> Only transactions with bookrunners are included  
Source: Dealogic

**Table 4**  
Global debt capital markets bookrunner ranking

Bookrunner	\$bn outstanding, 2010		% share	
	\$bn	2010	2010	2009
Barclays Capital	461	7.6	7.1	
JP Morgan	439	7.3	8.4	
Deutsche Bank	397	6.6	5.6	
Bank of America Merrill Lynch	378	6.3	6.1	
UBS	301	5.0	3.1	
Credit Suisse	300	5.0	4.1	
Citi	297	4.9	6.4	
Goldman Sachs	263	4.4	4.6	
Morgan Stanley	259	4.3	4.1	
RBS	233	3.9	4.6	
Others	2,719	45.0	46.0	
Total	6,047	100.0	100.0	

Source: Dealogic

mutual funds investing in US high-yield bonds. Corporations use the funds they raise from selling bonds for a variety of purposes, from building facilities to purchasing equipment to expanding their business. Although Europe's corporate bond markets are less developed than in the US, Europe is gradually moving towards a US style bond market as many small and mid-sized companies are increasingly diversifying their funding sources. The number of mutual funds focused on European high-yield debt has doubled to 34 over the past three years, and between them they now manage around \$10bn of retail investors' funds. Demand from investors for corporate bonds remained strong in 2010 due to low interest rates and high inflation meaning these bonds offered more potential for high returns than some other forms of investment.

*Secondary market* The secondary market involves the trading of bonds after the initial offering. This is almost entirely an over-the-counter (OTC) market.

### European sovereign debt crisis

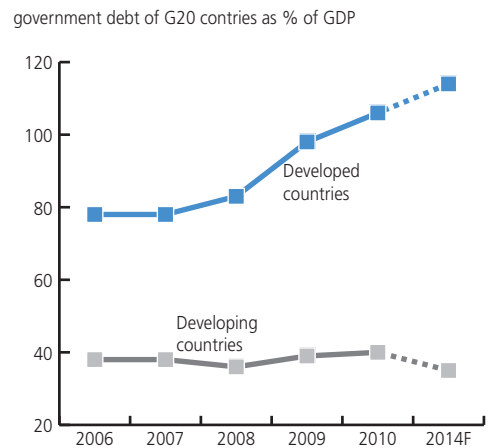
Following the financial crisis and subsequent economic downturn government deficits and debt levels have increased. Concerns about the ability of some countries to continue to finance and service their debt came to the forefront in late 2009.

The record amounts issued by governments in recent years was largely a result of debt taken on by some governments in order to reverse the economic downturn, finance bank bailouts and sustain public spending in market conditions of lower tax revenues. Government debt as a per cent of GDP in developed countries rose to over 100% in early 2010 from 78% four years earlier and is forecast by the IMF to rise to 114% by 2014. Developing countries on the other hand are likely to see a fall in the debt to GDP ratio during this period from 40% to 35% (Chart 6). In some countries where sovereign debts have increased sharply due to bank bailouts, increased concerns have emerged about their government's ability to repay debt with the result that bond yield spreads have widened. In the two years up to 2010, the Euro area saw the highest budget balance deterioration and rise in government debt in its history. Up to one-third of this was due to fiscal stimulus measures and government support for the financial sector.

While the sovereign debt increases have been most pronounced in only a few Euro area countries, they have become a problem for the area as a whole. In 2010 the debt crisis was mostly centered on events in Greece, where there was concern about the rising cost of financing government debt. In May 2010, the Eurozone countries and the International Monetary Fund agreed to a €110 billion loan for Greece, conditional on the implementation of harsh Greek austerity measures. Europe's Finance Ministers also approved a comprehensive rescue package worth almost a trillion dollars aimed at ensuring financial stability across Europe. The Greek bail-out was followed by a €85 billion rescue package for Ireland in November, and a €78 billion bail-out for Portugal in May 2011. In June 2011, the crisis resurfaced, concerning mostly the refinancing of Greek public debts.

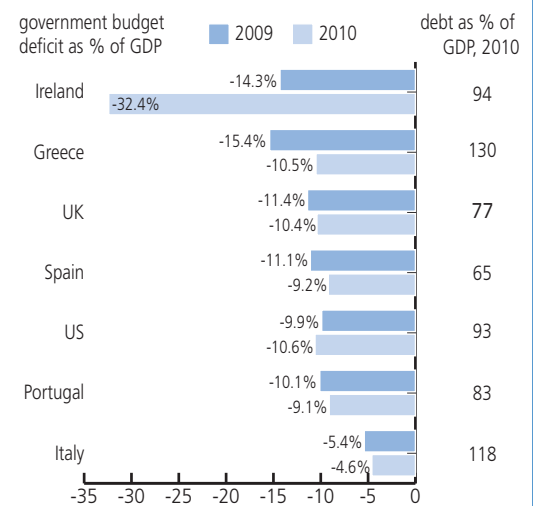
Greece's credit rating has been downgraded a number of times since December 2009. Other countries with high budget deficits such as Portugal, Ireland, Turkey, Italy and Spain have also seen downgrades. This has resulted in the tightening of market conditions for government refinancing in these countries and the widening of bond yield spreads between these countries and other EU members. The subsequent transmission of sovereign risk to local banking systems and the wider economy remains a risk. On the other hand, countries perceived as having low sovereign credit risk, such as Germany and the US have seen their borrowing costs fall. The US had a fiscal 2010 year deficit of around \$1.6 trillion, the biggest since 1945. Even though the US budget deficit and national debt are globally the highest in nominal terms, demand for its Treasury bonds remains strong due to its traditional safe-haven status.

**Chart 6**  
Government debt as per cent of GDP



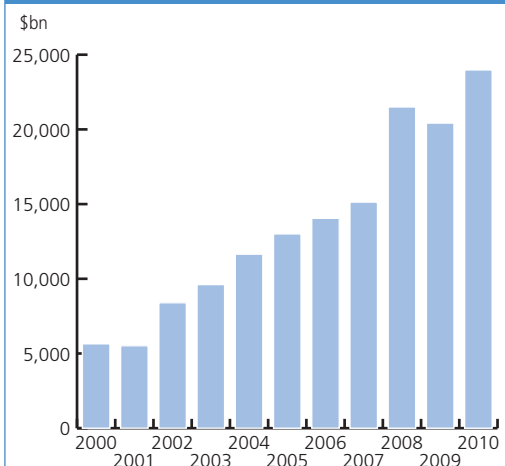
Source: International Monetary Fund

**Chart 7**  
Government budget deficits



Source: IMF; Wikipedia; Eurostat

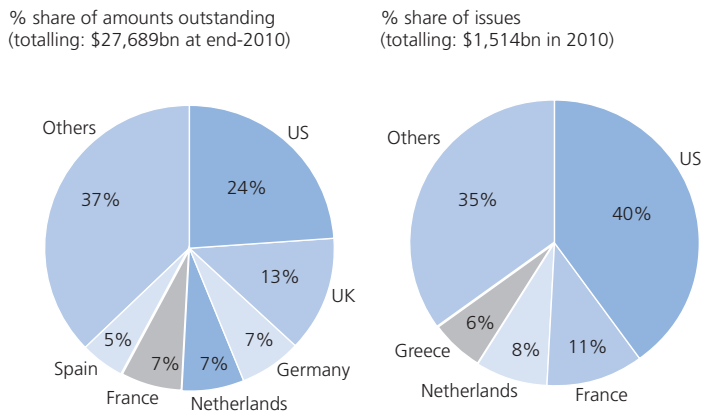
**Chart 8**  
Bond trading on exchanges



Source: World Federation of Exchanges

Most trades are conducted on closed, proprietary bond-trading systems or via the phone. An average investor can participate through a broker. Most of the \$950bn traded daily on the US domestic bond market in 2010 took place between broker-dealers and large institutions. The US bond market operates without a central exchange with hundreds of market makers on the OTC market. Around a half of trading was in Treasury bonds and a third in mortgage-backed securities. Some bonds, such as corporate bonds, are listed and can be traded on a number of exchanges. According to the World Federation of Exchanges, trading of bonds on exchanges increased by 17% in 2010 to a record \$24 trillion (Chart 8). Bond turnover on the London Stock Exchange of more than \$4.0 trillion in 2010 was exceeded only by trading on the BME Spanish Exchanges (\$11.0 trillion).

**Chart 9**  
International bonds, by country of residence



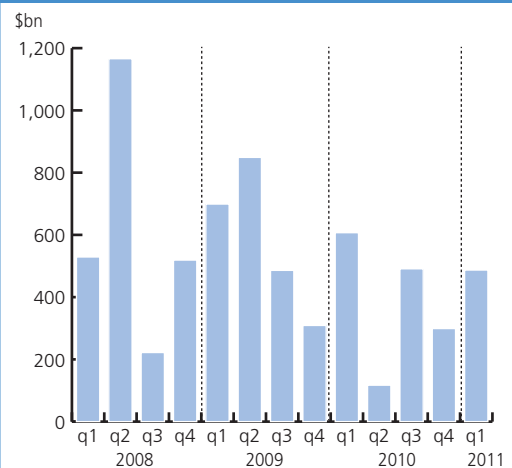
Source: Bank for International Settlements

Barclays Capital, Deutsche Bank and JP Morgan together accounted for nearly 40% of all European institutional fixed-income trading in 2010 according to new research from Greenwich Associates. This level of concentration can partly be attributed to consolidation among European fixed-income dealers resulting from the credit crisis.

**International bond market** The international bond market includes eurobonds and foreign bonds which are instruments issued or traded outside the country of their domestic currency (Table 3). The outstanding value of international bonds increased by 3% in 2010 to \$28 trillion. Around \$980bn of this was in international money market instruments. The \$1.5 trillion issued during the year was down 35% on the 2009 total. After a strong start to the year, issuance declined. The first quarter of 2011 was off to a strong start with issuance of nearly \$500bn. Countries which experienced a slower pace of economic recovery generally saw a larger decline in issuance.

Advanced economies generate the vast majority of business in international bonds. The US was the leading centre for issuance in 2010 with around 40% of the global total. Other leading centres included France (11%),

**Chart 10**  
International bond market, quarterly issuance



Source: World Federation of Exchanges

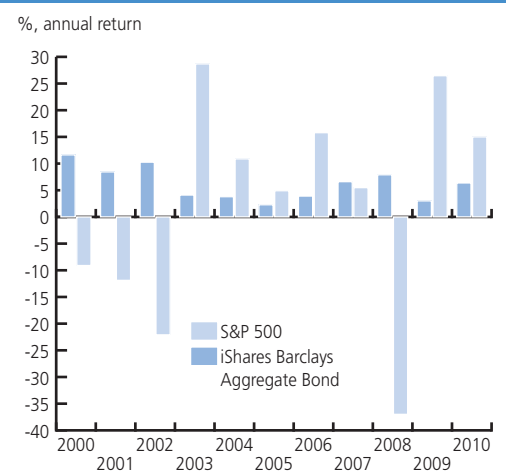
### Debt securities

**Bonds and notes** make up around 80% of the global bond market. Nearly four-fifths of this is in domestic securities. The structure of individual domestic markets differs markedly, mostly averaging 10-year maturities. The liquidity of longer term securities tends to be smaller, although in the US, UK and France bonds with longer term maturities are also issued and traded on the market.

**Money market instruments** The money market is an informal network which has no physical site where wholesale funds are borrowed and lent for short periods. The London Money Market facilitates trading in Bills of Exchange, Certificates of Deposit, Treasury Bills, and Commercial Paper. Most of trading in such instruments has been generated by the money centre financial markets in New York, Tokyo, Frankfurt and London.

The *international bond market* is a wholesale market where around 90% of bonds are held by institutional investors such as insurance companies, pension funds and mutual funds. Bonds are traded on the secondary market, but are more often purchased and held to maturity. Issuers mostly include large companies, national and local governments and international organisations.

**Chart 11**  
Bond market returns



Source: S&P 500, Barclays Capital

Netherlands (8%) and Greece (6%). The US also had the lead in terms of values outstanding with 18% of the global total, followed by the UK (13%) Germany (7%) and Netherlands (7%).

Issuance by non-financial corporations in 2010 overtook that by financial institutions for the first time since financial sector issuance started to grow in the early 1990s. The \$925bn issued by non-financial institutions in 2010 was down from \$1,080bn in the previous year. Issuance from financial institutions declined more quickly during the year from \$1,487bn to \$576bn.

The US dollar accounted for 71% of international bond issuance in 2010, up from 47% in the previous year. The share of euro denominated issues fell to 22% from 42% in the previous year. Straight fixed rate bonds accounted for nearly all issues with floating rates bonds seeing an outflow of \$130bn, a result of borrowers adjusting their debt profile to lock in low funding costs. Equity related bonds either in the form of convertibles or equity warrants remain an important niche market.

**Secondary trading** Secondary trading in the international bond market has increased over the past decade in line with the growing volume of issues and increase in electronic trading. TheCityUK estimates that trading in international bonds probably grew ten-fold during the past decade to some \$80 trillion in 2010. London is the leading centre for international bond trading with an estimated 70% of secondary market turnover.

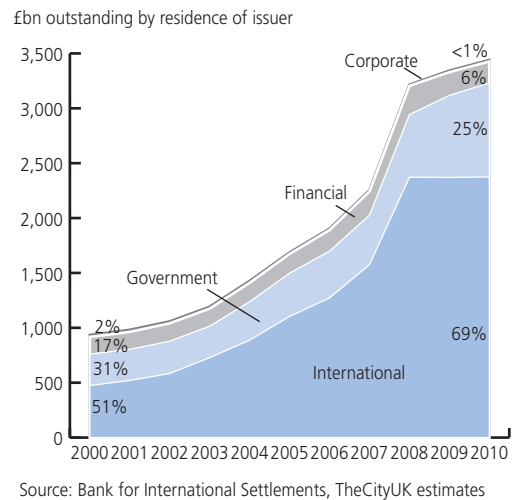
**Bond market returns** Bonds generally display less volatility than equities. The Barclays Capital Aggregate Bond Index, which includes US Government, corporate and mortgage-backed securities with maturities of at least one year returned 6.4% in 2010, up from 3.0% in the previous year. Since the start of the decade, the index has fluctuated between 2.4% and 11.7%. During this period the S&P 500 index moved between 28.7% and minus 37.0%. While there is retail investment interest, trading of bonds in value terms is mainly institutional. Factors such as the rate of inflation, the state of government finances and monetary policy all affect returns. Bond returns are however, primarily subject to swings in interest rates. Upward moves in interest rates, for example, erode the value of fixed payments to be received in the future, thereby reducing the value of a bond. Local currency movements also affect bond market returns.

The attraction of bonds as an investment has grown during the economic slowdown as institutional investors looked for less risky assets in volatile market conditions. Risk aversion and flight to quality has particularly increased demand for government bonds, mainly in countries traditionally seen as more financially stable. Corporate bonds on the other hand have offered the potential for high returns. Yields among such bonds can differ substantially based on the perceived credit risk of the individual corporation and the outlook for the profitability and competitiveness of its sector.

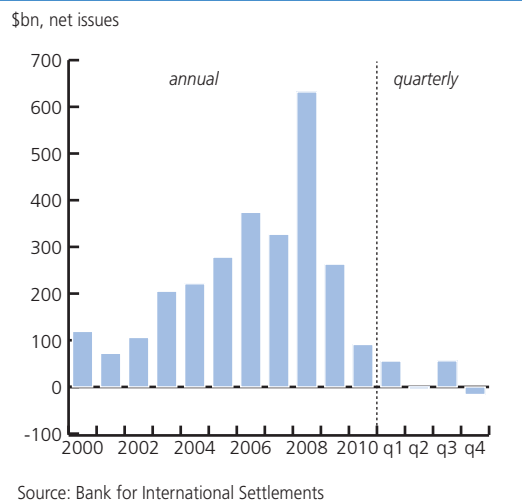
### BOND MARKETS IN THE UK

The nominal value of bonds outstanding of UK-based issuers totalled a record £3,440bn in 2010, up 3% on the previous year (Chart 12). Government bonds issuance was strong during the year while the outstanding value of international bonds increased only marginally for the

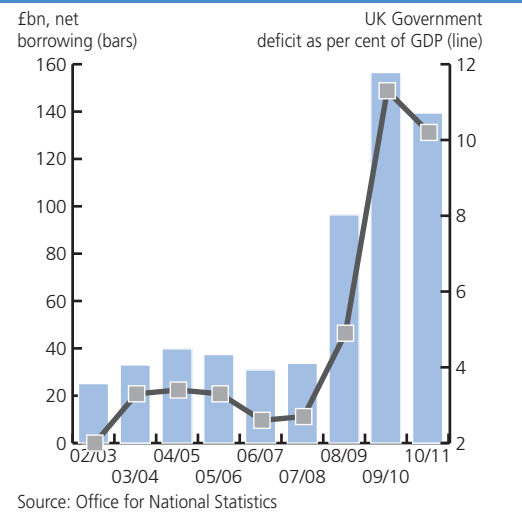
**Chart 12**  
Size of the bond market in the UK



**Chart 13**  
UK international bond issuance



**Chart 14**  
UK Government net borrowing



second year running, after having doubled in value between 2005 and 2008. A major feature of the UK bond market in the decade prior to the financial crisis has been a decrease in the share of UK Government bonds and an increase in the share of non-Government bonds, particularly international bonds. Government bonds have however captured a growing share of the market in the past three years and are likely to increase further due to the large budget deficit exceeding 10% in the last two years (Chart 14).

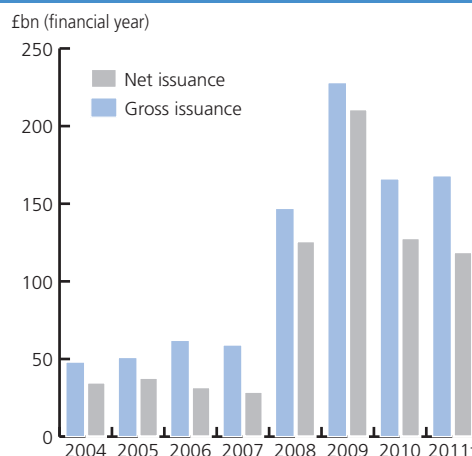
**Government securities** Figures for UK public sector finances show that the UK Government budget balance was consistently in deficit over the past nine years. Between the financial year 2002/03 and 2009/10 the budget deficit increased from £11.3bn to £107.6bn before falling back to £99.5bn in 2010/11. The UK Government net cash requirement fell to £2.5bn in 2010/11 from £167bn in the previous financial year, a result of repayments during the year from earlier financial sector interventions. UK Government net debt issuance which was below £50bn in the years prior to the economic crisis, increased to over £200bn in 2009/10 before falling back to £128bn in 2010/11. It is forecast by the Debt Management Office to fall further to below £120bn in 2011/12 (Chart 15).

Excluding public sector interventions, UK public sector net debt increased to £905bn in the financial year 2010/11 from £760bn at the end of the previous year (Chart 16). The 2010/11 total was more than twice the total four years earlier. The outstanding value of net borrowing from recent financial sector interventions totalled £1,136bn at the end of 2010, down from £1,430bn at the end of the previous year. In the period up to September 2007, before the classification of Northern Rock to the public sector, the level of public sector net debt largely reflected UK Government's net debt. By the end of December 2008, the classification to the public sector of, first, Northern Rock and subsequently Bradford & Bingley added around £130 billion to the public sector net debt. Including the Lloyds Banking Group, RBS and other interventions in the public sector finances in 2010, added around a further £1,300bn. The debt the UK Government has taken on for financial sector interventions represents an investment, so funds committed should be recouped in large part or in entirety when the investments are sold.

Excluding financial sector interventions, net debt as a percent of GDP increased from 53% to 60% in 2010/11 and is projected by the Office for Budget Responsibility to rise to 71% by 2013/14. Including financial sector interventions, net debt as a percent of GDP stood at nearly 150% in 2010/11 (Chart 17). In addition to financial sector interventions, the economic recession has resulted in lower tax receipts and higher spending on unemployment benefits which has placed an additional strain on public finances. The UK's fiscal deficit has reached over 10% of GDP in 2009/10 and 2010/11, amongst the highest in Europe, although the UK's debt as a per cent of GDP was lower than in other large European countries such as Italy, France and Germany.

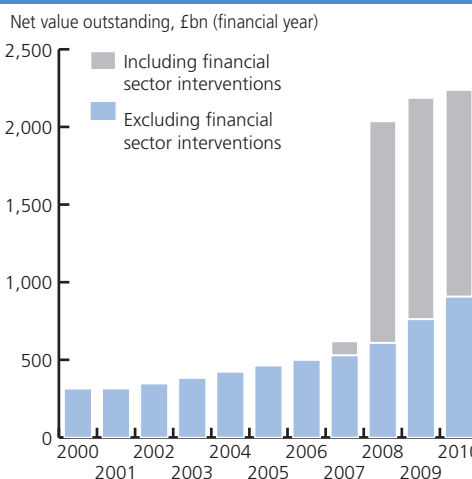
The UK corporate bond market is smaller than in many other developed countries because of the tendency of UK corporations historically to raise debt finance through the banking system rather than bond markets. The outstanding value of UK corporate bonds totalled £14bn at the end of

**Chart 15**  
UK Government debt issuance



Source: Debt Management Office

**Chart 16**  
UK Government debt



Source: Office for National Statistics

## International bond trading in the UK

The market for international bonds in the UK is distinct from the domestic market. These bonds are typically traded over-the-counter. Since the beginning of the Euromarkets, the International Capital Market Association (ICMA) has facilitated the interaction between issuers, lead managers, dealers and investors. ICMA has been approved by the HM Treasury as an 'international securities self-regulating organization' (ISSRO) in the UK. ICMA is the only body to be accorded ISSRO status. ICMA has been designated by the UK Financial Services Authority as a Designated Investment Exchange (DIE). It issues the rules and recommendations which form a framework for trading in international debt and related securities as well as for the clearing and settlement of trades in such securities.

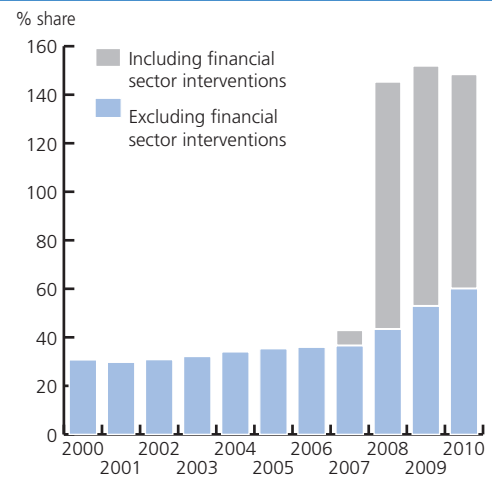
2010. The outstanding value of bonds of commercial banks and other financial institutions was larger at £195bn. The London Stock Exchange (LSE) opened an electronic retail bond trading platform, the Order Book for Retail Bonds (ORB) in February 2010 which has helped to open up the UK corporate bond market to retail investors. The ORB offers continuous, transparent, two-way tradable prices in nearly 150 individual UK gilts, supranational and corporate bonds, all tradable in typical denominations of £1,000 or less. The LSE's trading platform has helped to increase transparency in the UK corporate bond market. More widely, stock exchanges across Europe are extending services to bond markets to boost their growth.

**International bond** issues in the UK fell to £90bn in 2010 from £264bn in the previous year. The outstanding value of international bonds in the UK totalled around £2.5 trillion at the end of 2010, some 13% of the global total and second only to the US. Eurobonds account for around three-quarters of the UK total. London is the leading centre for international bond trading with an estimated 70% of secondary market turnover.

**Dealing in UK bonds** Turnover of UK Government debt and other fixed interest securities totalled £4.8 trillion in 2010, down from £6.5 trillion in 2009 and £7.2 trillion in 2008 (Chart 18). In the decade prior to 2008, UK Government debt turnover ranged between £2 trillion and £3.5 trillion. Primary dealing in government securities is handled by Gilt-Edged Market Makers. A Gilt-edged Market Maker is a primary dealer in gilts and actively trades in either conventional gilts, index-linked gilts or both. Inter-dealer brokers act as intermediaries for anonymous trading between market makers.

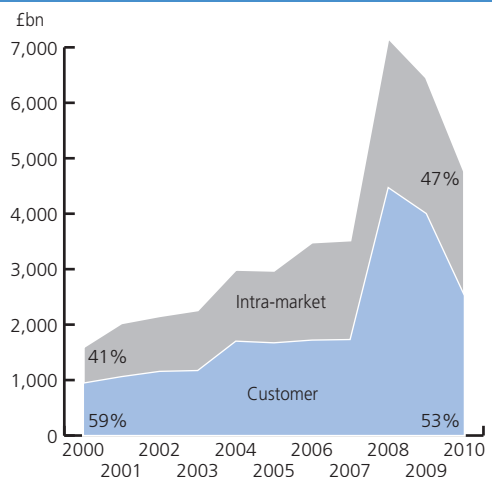
As well as UK government bonds, there are a variety of other domestic fixed interest securities that can be traded on the London Stock Exchange. These include fixed interest convertible and preference shares and other bonds issued by companies, local authorities and banks. The remaining fixed interest securities include Commonwealth government stocks and some preference and convertible shares.

**Chart 17**  
UK public sector net debt as percentage of GDP



Source: Office for National Statistics

**Chart 18**  
London Stock Exchange turnover in bonds



Source: London Stock Exchange

## LINKS TO OTHER SOURCES OF INFORMATION

**Bank for International Settlements**

[www.bis.org](http://www.bis.org)

**Dealogic**

[www.dealogic.com](http://www.dealogic.com)

**Debt Management Office**

[www.dmo.gov.uk](http://www.dmo.gov.uk)

**European Commission**

[www.ec.europa.eu](http://www.ec.europa.eu)

**Financial Services Authority**

[www.fsa.gov.uk](http://www.fsa.gov.uk)

**International Capital Market Association (ICMA)**

[www.icmagroup.org](http://www.icmagroup.org)

**International Monetary Fund**

[www.imf.org](http://www.imf.org)

**London Stock Exchange**

[www.londonstockexchange.com](http://www.londonstockexchange.com)

**National Statistics**

[www.statistics.gov.uk](http://www.statistics.gov.uk)

**Securities Industry and Financial Markets Association**

[www.sifma.org](http://www.sifma.org)

**World Federation of Exchanges**

[www.world-exchanges.org](http://www.world-exchanges.org)

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