

# SURVEY OF SINGAPORE TREASURY ACTIVITIES 2004

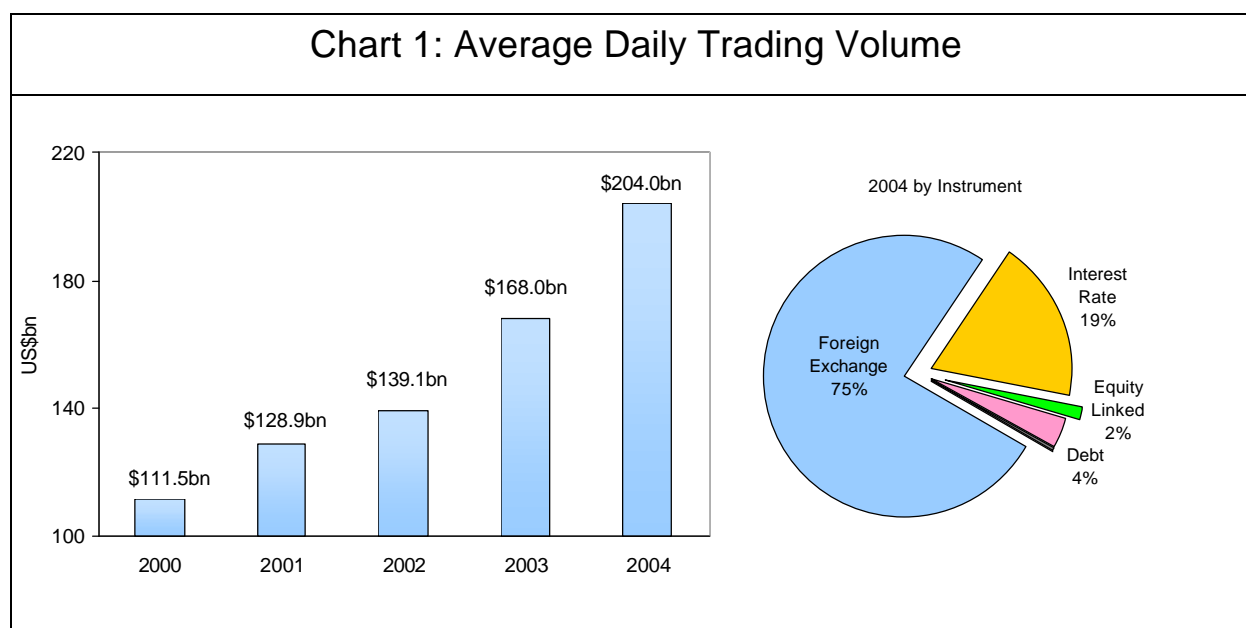
*The Monetary Authority of Singapore (MAS) conducted a survey of the Singapore treasury industry as at 31 December 2004. The survey covered all banks and merchant banks carrying out treasury activities in Singapore.*

## OVERVIEW

The treasury industry displayed strong growth in 2004, with both revenues and trading volume increasing by approximately 20%. Trading volumes reached US\$204 billion, while revenue grew to a high of S\$5.4 billion. In line with the strong performance in the industry, employment rose by 6% to 4,051 staff in 2004.

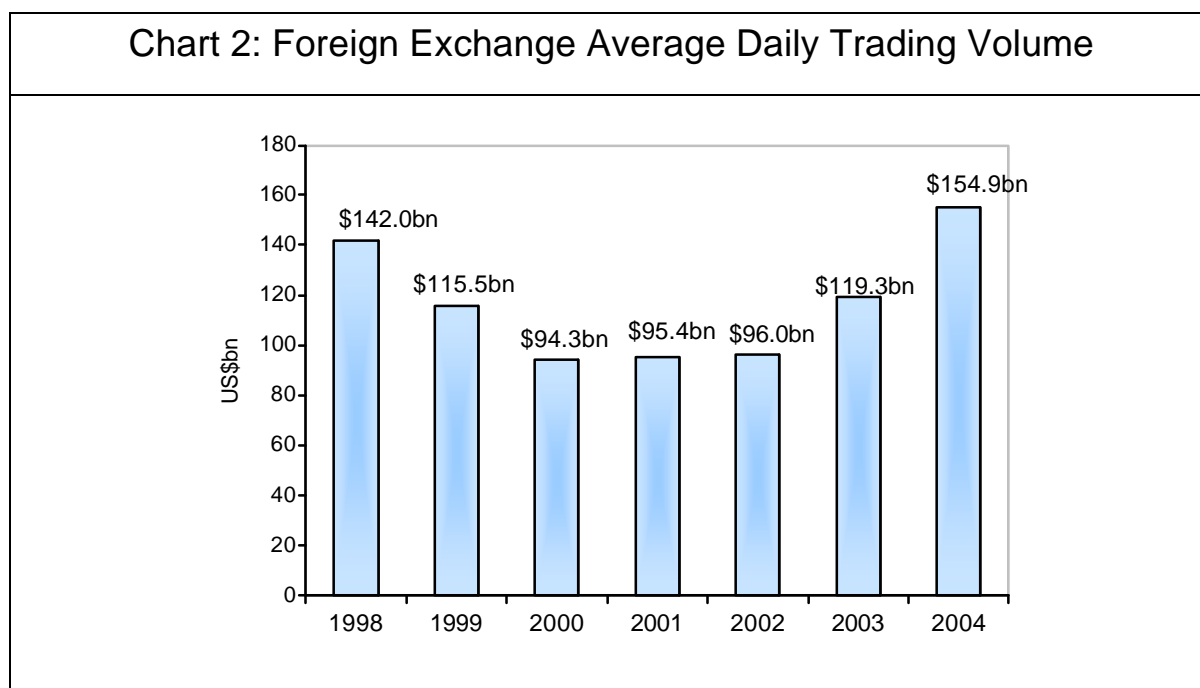
## AVERAGE DAILY TRADING VOLUME

For the fifth year in a row, average daily trading volumes of treasury activities have risen. Trading volumes reached a high of US\$204 billion, a 21% increase over 2003 and the largest year-on-year increase since 2000 (refer to [Chart 1](#)) As with previous years, foreign exchange activity fuelled the growth in Singapore's trading activity, making up 75% of trading volume in 2004, up from 71% in 2003. Trading volumes in fixed income and interest rate products remained stable, accounting for 22% of total volume in 2004.



## FOREIGN EXCHANGE AVERAGE DAILY TRADING VOLUME

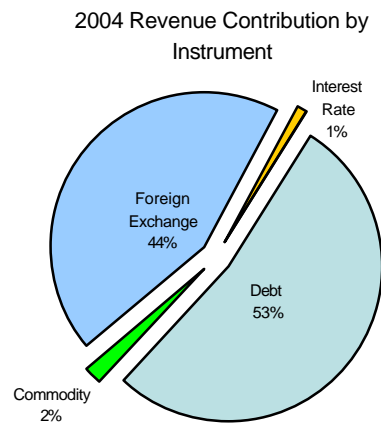
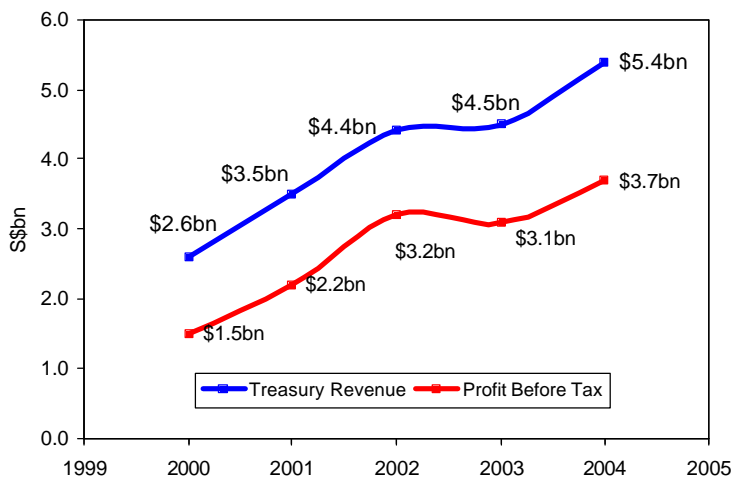
The level of foreign exchange activity grew significantly in 2004. The average daily trading volume increased by 30% to a 7-year high of US\$154.9 billion (refer to [chart 2](#)). Foreign exchange trading activity increased due to higher volatility in foreign exchange rates and clear trends, such as the decline of the USD. Foreign exchange has also grown as an asset class as investors seek alternate sources of yields beyond the equity and bond markets. The growth of Singapore's asset management industry thus added demand to FX-linked investment products.



## REVENUE AND PROFITS

Revenue regained its upward momentum to reach S\$5.4 billion in 2004 after stabilizing in 2003 (refer to [Chart 3](#)). Revenue was mainly driven by foreign exchange and debt trading activity, which generated 44% and 53% of total revenue respectively.

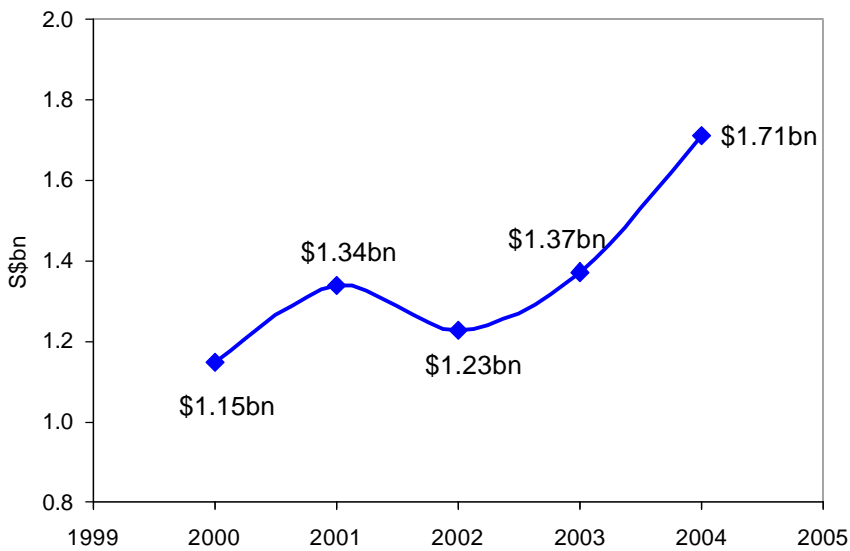
Chart 3: Total Revenue and Profit (Before Tax)



**COSTS**

Costs of treasury activities grew by 25% from \$1.37 billion to \$1.71 billion. (refer to [chart 4](#)).

Chart 4: Total Cost of Treasury Operations



## STAFFING

In line with the robust performance in the industry, the number of treasury staff also rose by 5.5%, from 3,840 in 2003 to 4,051 in 2004 (refer to [Chart 5](#)). 56% were engaged in sales and trading with the rest specializing in risk management and middle-office functions.

