

credit awards americas 2010 Winner

Best e-trading platform for corporate bonds and CDS

MarketAxess

IN THE PAST YEAR, MarketAxess has seen the highest level of monthly trading activity since before the financial crisis. In addition to its traditional strength in investment grade credit, the company has reported strong growth in high yield, emerging markets and agency debt.

“We are seeing a combination of significant inflows into bond funds and opportunistic corporate issuance, which is leading to strong trading activity in the primary and secondary markets,” says Rick McVey, chief executive of MarketAxess, which lists 80 dealers and 800 active investment firms on its network.

September’s volume of \$37.7 billion was the highest monthly figure since June 2007, and McVey believes the factors that have supported credit throughout 2010 are set to continue a while longer.

“Short rates are likely to stay low, which will continue to push money out of the money market and short-term funds and into

bond funds. You will continue to see strong demand, because of the general risk appetite and the demand for yield. On a long-term basis, with yields where they are, corporate treasurers will continue to issue,” says McVey.

The main risk for credit is that economic numbers start to surprise on the upside. “If that were to happen and short rates started to move upwards more quickly than expected, people could be surprised by the movement in long-term rates,” says McVey, while adding this scenario is unlikely.

As for potential growth areas, McVey says structural changes to the credit derivatives market should be a major plus.

“We would expect during the second half of next year to be in a new environment for OTC derivatives trading that will entail much more central clearing and electronic trading. The CDS electronic trading market fits hand in glove with what we’ve always done in the corporate bond market.”



Rick McVey, MarketAxess