

# CDS Market Dynamics: Analyzing Trends in Single-name CDS and Index CDS Market Activity

This paper analyzes the credit default swaps (CDS) market from 2019 to the first half of 2024, focusing on trends in single-name CDS and index CDS market activity. Over this period, total CDS market activity reached a high point of \$38.7 trillion in 2022, driven primarily by index CDS.

Single-name CDS activity was at its greatest in the first half of 2023, as market participants sought to manage specific credit exposures and protect against anticipated changes in the creditworthiness of individual entities, especially in the banking sector. Although it fell in the first half of 2024, single-name CDS activity remained above 2022 levels, reflecting sustained demand for credit risk protection.

Index CDS trading peaked in 2022 as market participants hedged against broader market instability during a period of heightened uncertainty. As macroeconomic conditions stabilized and central banks moderated their rate hikes, demand for index CDS declined in 2023 and the first half of 2024, but activity remained above 2021 levels.

## EXECUTIVE SUMMARY

This paper examines the dynamics of the CDS market from 2019 to the first half of 2024, focusing on single-name and index CDS market activity<sup>1</sup>. Total CDS trading – as measured by market activity in index and single-name CDS – peaked at \$38.7 trillion in 2022, largely due to heightened activity in index CDS, which accounted for 94.1% of the total market.

Single-name CDS trading surged in 2023, fueled by rising interest rates and banking sector stress. Although single-name CDS activity declined in the first half of 2024, it remained above 2022 levels, reflecting sustained demand for credit risk protection.

In contrast, index CDS trading peaked in 2022, driven by concerns about inflation, interest rate hikes and geopolitical tensions. Volumes subsequently fell in 2023 as macroeconomic conditions stabilized and central banks moderated rate hikes. This drop continued into the first half of 2024, although index CDS activity remained higher than the first half of 2021.

Key findings include:

*Total CDS trading dipped.* Total CDS trading declined to \$31.4 trillion in 2023 from a high point of \$38.7 trillion in 2022 but remained above the 2021 level. In the first half of 2024, market activity was \$15.1 trillion versus \$16.6 trillion in the first half of 2023 (see Chart 1). Index CDS consistently accounted for 90% or more of total CDS market activity.

*Single-name CDS trading surged and then softened.* Single-name CDS market activity rose to a high of \$3.3 trillion in 2023. It subsequently fell to \$1.5 trillion in the first half of 2024 versus \$1.8 trillion in the same period of 2023, but remained higher than the \$1.1 trillion traded in the first half of 2022 (see Chart 2).

*Shift towards trading in corporate credit.* The share of trading in corporate reference names rose from 54.5% in 2019 to 69.6% in 2023, reflecting a shift in focus by market participants towards corporate credit risk (see Chart 3).

*Market breadth narrowed.* While trading in single-name CDS increased, the number of unique reference names executed in each quarter fell from 806 in the first quarter of 2019 to 725 in the second quarter of 2024 (see Chart 6). In total, 1,135 unique reference entities were traded over 22 quarters, from the first quarter of 2019 to the second quarter of 2024.

*Trading became more dispersed.* Trading in the most popular reference names became less concentrated, with the share of the top 10 single-name CDS dropping from 36.1% of market activity in 2019 to 22.3% in 2023. Although activity in the top 100 names rose in dollar terms, their share of the total market fell (see Charts 8 and 9).

*Limited daily trading activity in single-name CDS.* Most reference names traded infrequently on a daily basis. Of the 725 unique reference names executed in the second quarter of 2024, only 26 (3.6%) had 10 or more transactions per day on average. Those 26 reference entities comprised 13 sovereign and 13 non-sovereign names (see Chart 10).

<sup>1</sup> The analysis is based on data from the Depository Trust & Clearing Corporation (DTCC) Trade Information Warehouse (TIW). Market activity (also referred to as market risk transfer activity (MRTA)) as opposed to outstanding notional, presents a more accurate picture of credit default swap (CDS) market dynamics. MRTA covers only transactions that change the risk positions between two parties, including new transactions, termination of existing transactions or assignment of existing transactions to a third party

*Index CDS trading moderated.* Index CDS market activity peaked at \$36.4 trillion in 2022 before declining to \$28.1 trillion in 2023. In the first half of 2024, market activity fell further to \$13.7 trillion versus \$14.8 trillion in the first half of 2023, but remained higher than the \$11.9 trillion traded in the first half of 2021 (see Chart 11).

*Two key indices dominated trading.* CDX IG and CDX HY were the most actively traded CDS indices, accounting for about half of index CDS market activity by transaction count in the first half of 2024 (see Chart 12).

*Robust liquidity in index CDS.* Index CDS demonstrated high liquidity and trading frequency, with CDX.NA.IG index averaging 546 transactions per day in the second quarter of 2024, and iTraxx Europe averaging 453 daily transactions (see Chart 13).

*Integral role of central clearing in the CDS market.* Based on Bank for International Settlements (BIS) data, roughly half of global CDS notional outstanding was cleared by the end of 2023<sup>2</sup>. In the US, 82.6% of index CDS and 56.4% of security-based credit derivatives was cleared in the first half of 2024<sup>3</sup> (see Charts 14 and 15).

<sup>2</sup> Bank for International Settlements (BIS) Over-the-counter (OTC) Derivatives Statistics [https://data.bis.org/topics/OTC\\_DER/tables-and-dashboards](https://data.bis.org/topics/OTC_DER/tables-and-dashboards)

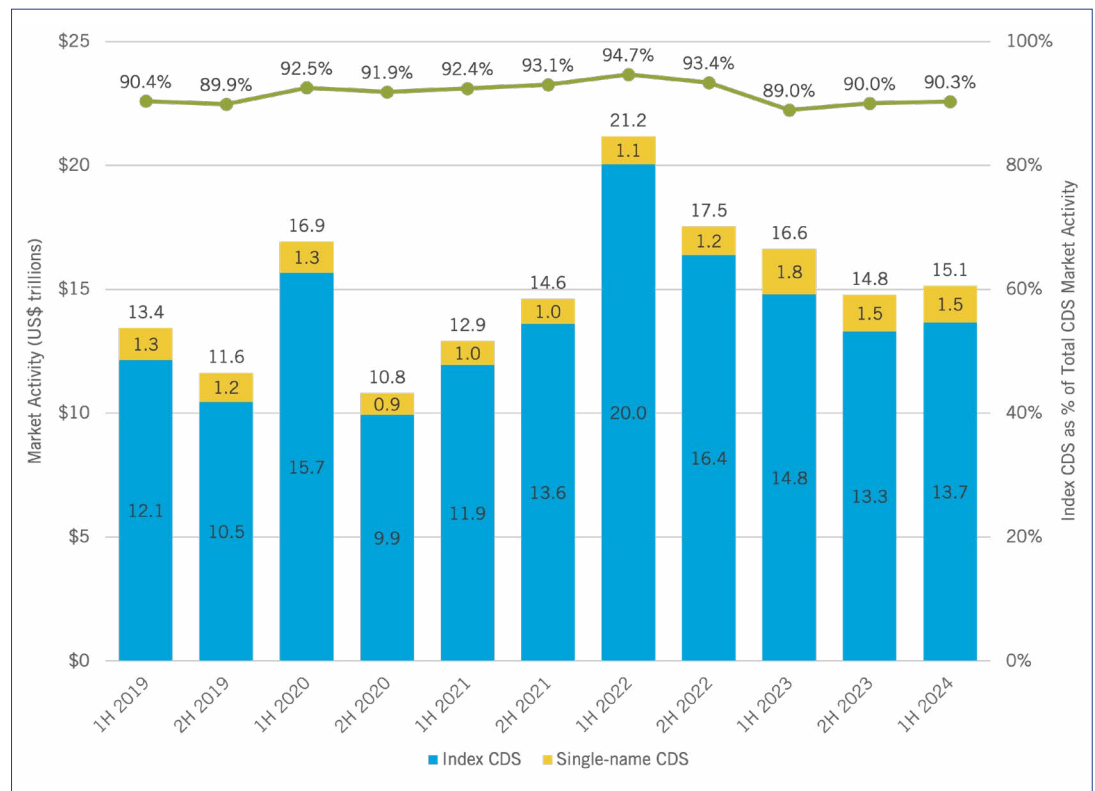
<sup>3</sup> SwapsInfo First Half of 2024 and the Second Quarter of 2024 Review [www.isda.org/a/O48gE/SwapsInfo-First-Half-of-2024-and-the-Second-Quarter-of-2024-Review.pdf](http://www.isda.org/a/O48gE/SwapsInfo-First-Half-of-2024-and-the-Second-Quarter-of-2024-Review.pdf)

## TOTAL CDS MARKET ACTIVITY

Total CDS trading dipped

Total CDS trading reached a high point of \$38.7 trillion in 2022, largely due to heightened activity in index CDS. It declined to \$31.4 trillion in 2023 but remained higher than the volume in 2021<sup>4</sup>. In the first half of 2024, market activity totaled \$15.1 trillion versus \$16.6 trillion in the first half of 2023. Index CDS consistently accounted for 90% or more of total market activity (see Chart 1).

Chart 1: Total CDS Market Activity (US\$ trillions)



Source: DTCC TIW data

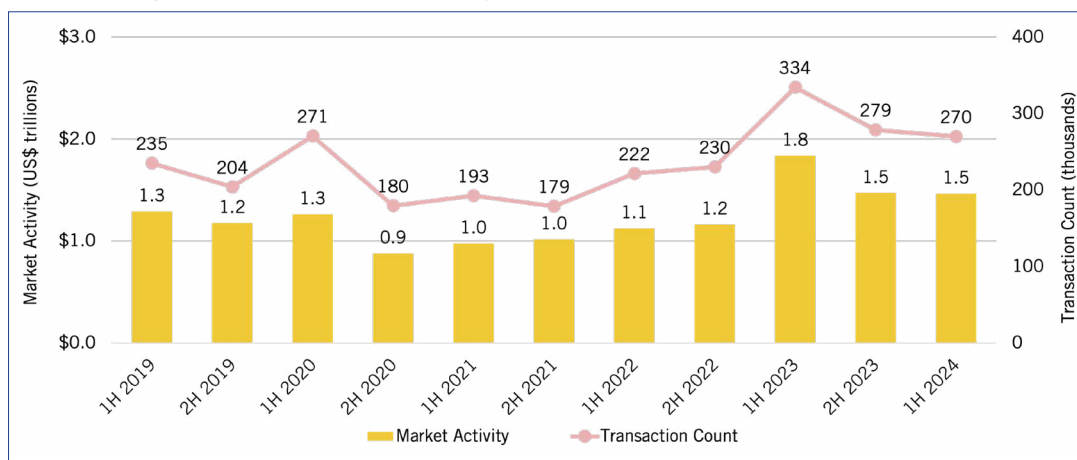
<sup>4</sup> In October 2023, Intercontinental Exchange, Inc. (ICE) completed the cessation of CDS clearing services at ICE Clear Europe. Initially announced in June 2022, this decision involved collaborating with clearing members and their clients to close out positions at ICE Clear Europe and transition over \$400 billion of open interest to alternative clearing houses. <https://ir.theice.com/press/news-details/2023/ICE-Announces-Successful-Transition-of-Credit-Default-Swap-Open-Interest-from-ICE-Clear-Europe/default.aspx>. This shift may have inflated CDS trading activity, but a precise estimate of the effect is not available

## SINGLE-NAME CDS MARKET ACTIVITY

Single-name CDS trading surged and then softened

Single-name CDS trading fluctuated from 2019 to the first half of 2024. After growing to \$2.3 trillion in 2022, market activity surged to \$3.3 trillion in 2023 due to rising interest rates and stress in the banking sector. In the first half of 2024, activity dropped to \$1.5 trillion from a peak of \$1.8 trillion in the first half of 2023. However, it remained higher than the \$1.1 trillion traded in the first half of 2022<sup>5</sup> (see Chart 2).

Chart 2: Single-name CDS Market Activity and Transaction Count

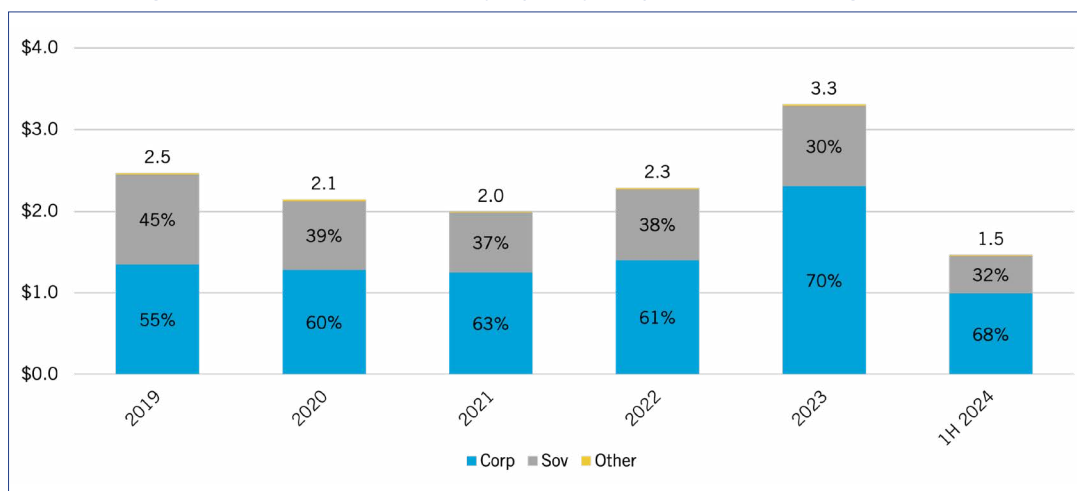


Source: DTCC TIW data

Trading shifted towards corporate credit

The growth in single-name CDS market activity was primarily driven by higher trading in corporate reference entities, which rose from \$1.3 trillion in 2019 to \$2.3 trillion in 2023. In contrast, market activity in sovereign single-name CDS declined from \$1.1 trillion to \$1.0 trillion over the same period. The share of corporate CDS market activity grew from 54.5% in 2019 to 69.6% in 2023, while the share of sovereign CDS dropped from 44.7% to 29.8% (see Chart 3).

Chart 3: Single-name CDS Market Activity Split by Corporate vs. Sovereign (US\$ trillions)<sup>6</sup>



Source: DTCC TIW data

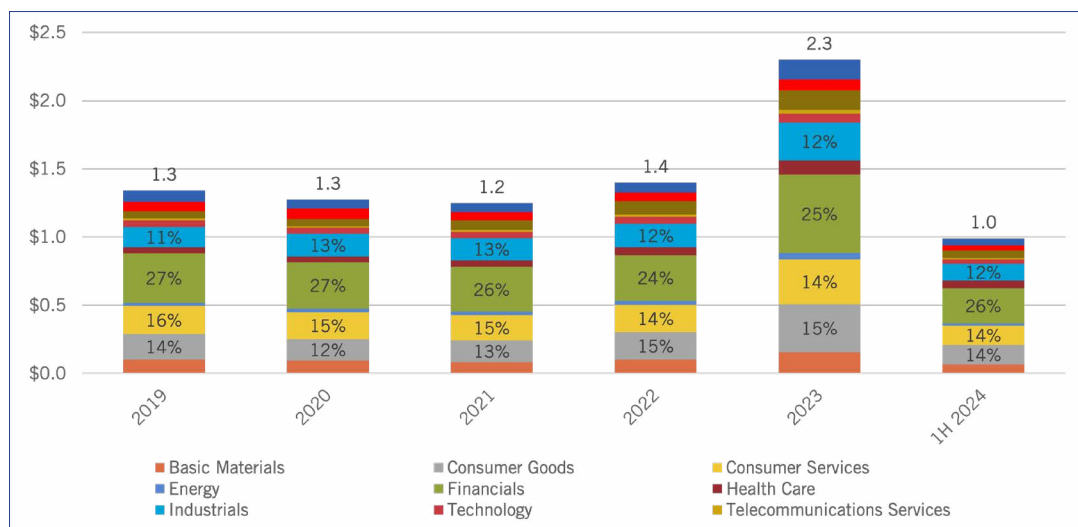
<sup>5</sup> ISDA used DTCC weekly transaction activity reports to calculate quarterly, semiannual and annual market activity. DTCC TIW single-name CDS data includes the most active (top 1,000 transactions) single-name CDS

<sup>6</sup> Other includes municipal, state body, state and supranational CDS

Financial reference entities were the most actively traded

Single-name CDS contracts written on financial reference entities were the most actively traded over the period, followed by consumer goods and consumer services. In the first half of 2024, CDS referencing financial entities accounted for 26.0% of corporate CDS market activity, while consumer goods and consumer services comprised 14.4% and 14.3%, respectively. The composition of corporate single-name CDS has remained relatively stable since 2019 (see Chart 4).

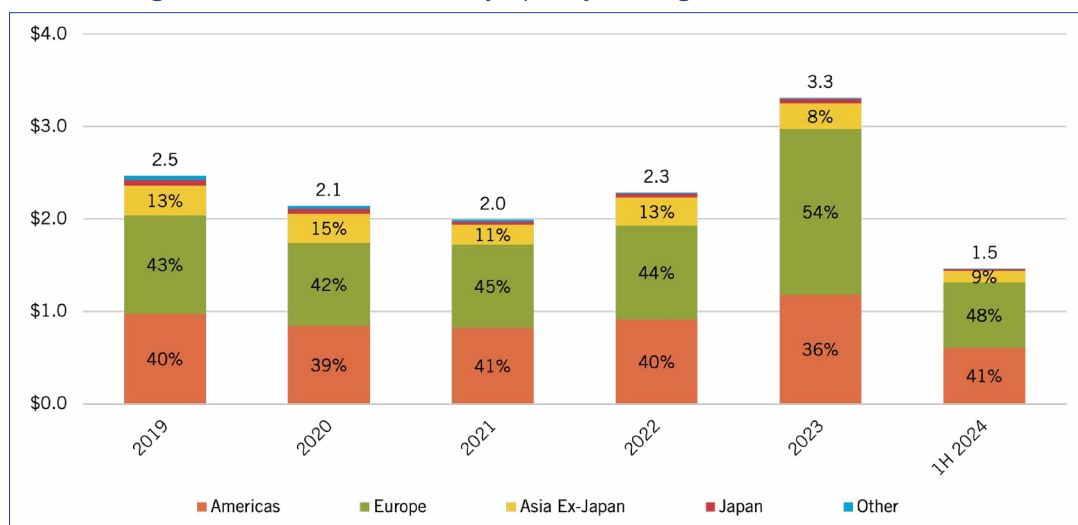
Chart 4: Corporate Single-name CDS Market Activity by Reference Entity Sector (US\$ trillions)



Source: DTCC TIW data

Of the Credit Derivatives Determinations Committee (DC) regions, Europe represented the largest share of market activity. In the first half of 2024, contracts that fell under the Europe DC comprised 48.2% of single-name CDS activity, followed by the Americas at 41.5%<sup>7</sup>.

Chart 5: Single-name CDS Market Activity Split by DC Region (US\$ trillions)



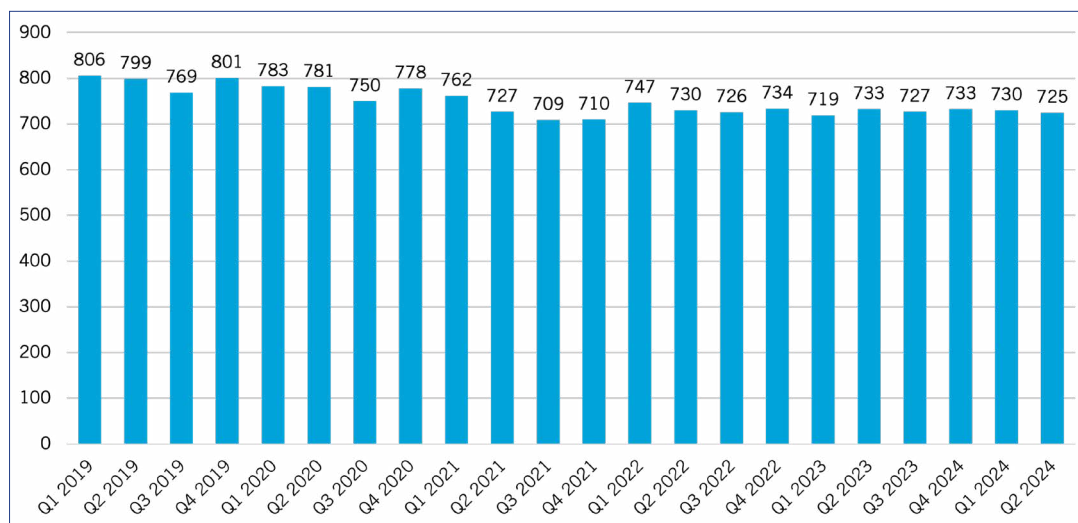
Source: DTCC TIW data

<sup>7</sup> DTCC TIW data assigns Determinations Committee Region based on the region linked to the predominant trading style associated with each reference entity name, determined by the documentation type of the underlying trades. For example, transactions traded as StandardNorthAmericanCorporate would be associated with the Americas Region. Where more than 25% of the transactions are associated with a region, that region has been included. In some cases, this attribute shows two or more regions

The number of unique referenced names executed in each quarter fell

While trading in single-name CDS increased, the number of unique reference names executed in each quarter declined, from 806 reference names in the first quarter of 2019 to 725 in the second quarter of 2024<sup>8</sup> (see Chart 6).

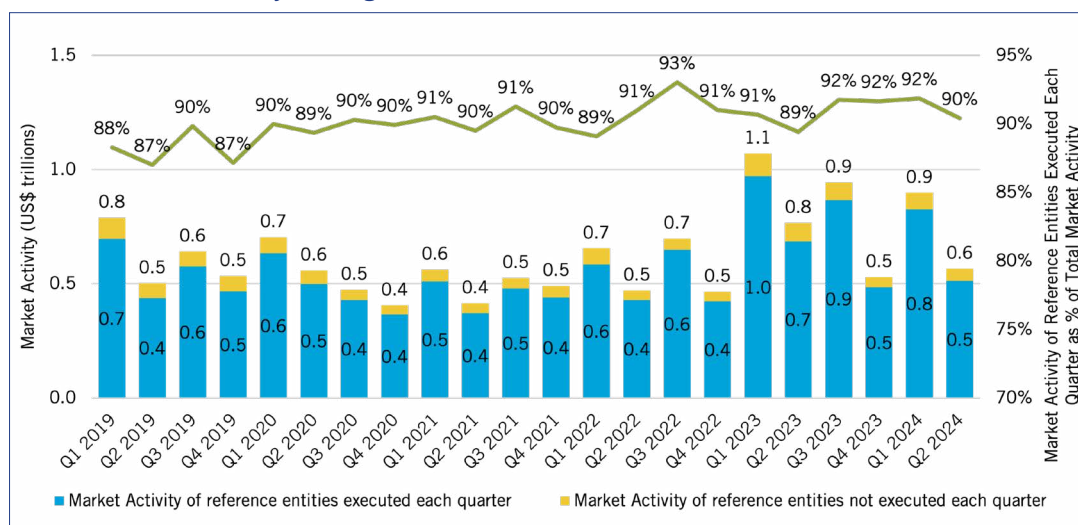
**Chart 6: Number of Single-name CDS Reference Entities Executed Each Quarter**



Source: DTCC TIW data

In total, there were 1,135 unique reference entities executed over 22 quarters, from the first quarter of 2019 to the second quarter of 2024. Of this sample, 491 unique reference names were traded in each quarter since the first quarter of 2019. These names accounted for about 90% of single-name CDS market activity. Market activity in these names totaled \$3.0 trillion in 2023 compared to \$2.2 trillion in 2019 (see Chart 7).

**Chart 7: Market Activity of Single-name CDS Reference Names Executed Each Quarter**



Source: DTCC TIW data

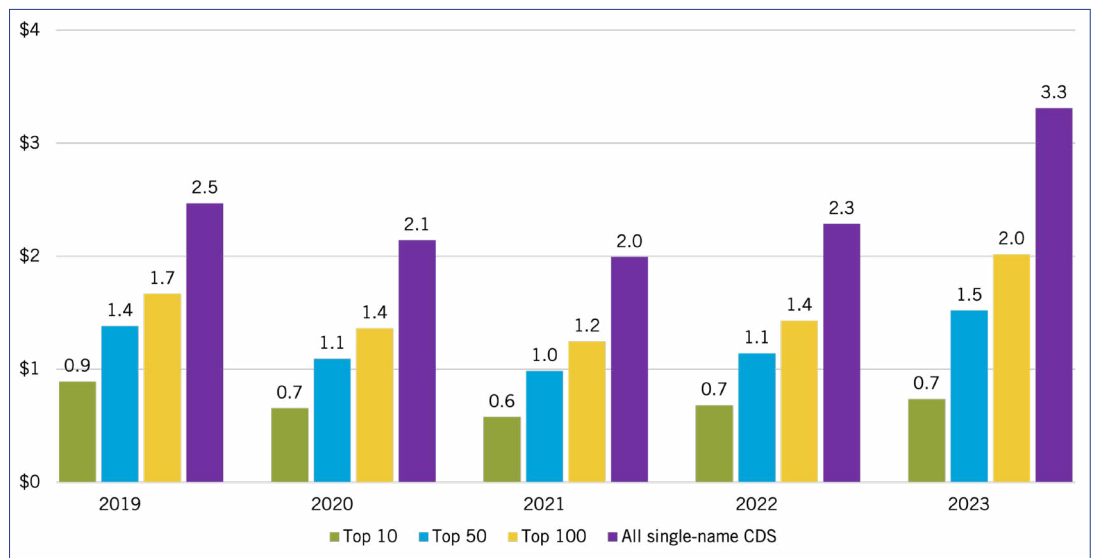
<sup>8</sup> DTCC data was cleaned to remove duplicate CDS reference entities due to misspelling or name changes. Different legal entities in the same corporate group were considered to be separate reference entities if there was concurrent market activity in CDS referencing each of those entities. However, if market activity ceased under one legal entity and resumed under a different legal entity in the same corporate group, ISDA would count those legal entities as one reference entity, on the basis that this likely reflected a successor (where the CDS contract moves from one legal entity to another). In addition, if a reference entity was renamed, ISDA would treat both names as one reference entity

Trading became more dispersed

The share of market activity for the top 10, 50 and 100 single-name CDS has gradually declined, implying more trading activity in smaller, less concentrated names and a broader distribution of trading across a wider set of credit entities.

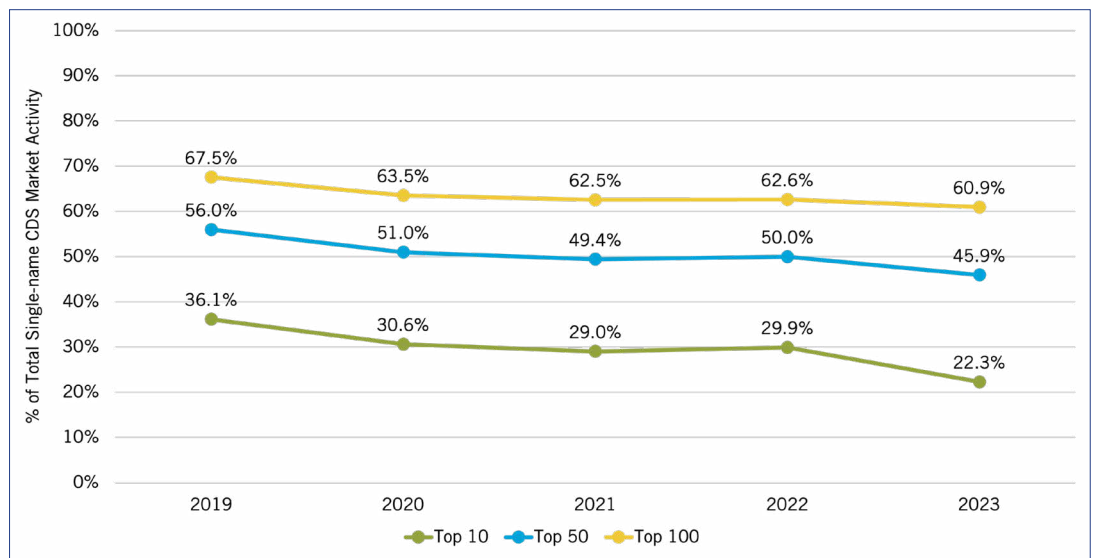
Market activity in the top 10 names, which were mostly CDS on sovereign and financial reference entities, totaled \$0.9 trillion and accounted for about 36.1% of single-name CDS market activity in 2019<sup>9</sup>. That had fallen to \$0.7 trillion and 22.3% of total single-name CDS market activity in 2023 (see Charts 8 and 9).

Chart 8: Top 10, 50 and 100 Single-name CDS Market Activity (US\$ trillions)



Source: DTCC TIW

Chart 9: Top 10, 50 and 100 Single-Name Market Activity as % of Total Single-name CDS Trading



Source: DTCC TIW data

<sup>9</sup> The top 10, 50 and 100 single-name CDS for each quarter were selected based on their market activity in that quarter. While some of the names remained in the top 10, 50 and 100 in all quarters from the first quarter of 2014 to the second quarter of 2019, most other names stayed in top 10, 50 and 100 for only some quarters



Market activity in the top 100 names increased to \$2.0 trillion in 2023 from \$1.7 trillion in 2019, but the share of overall trading declined to 60.9% from 67.5%. Of the 1,135 unique reference entities that were traded in the 22 quarters between the first quarter of 2019 and the second quarter of 2024, 32 unique single-name reference entities remained in the top 100 (see Table 1).

**Table 1: 32 Single-name CDS Reference Entities that Remained in the Top 100 Each Quarter**

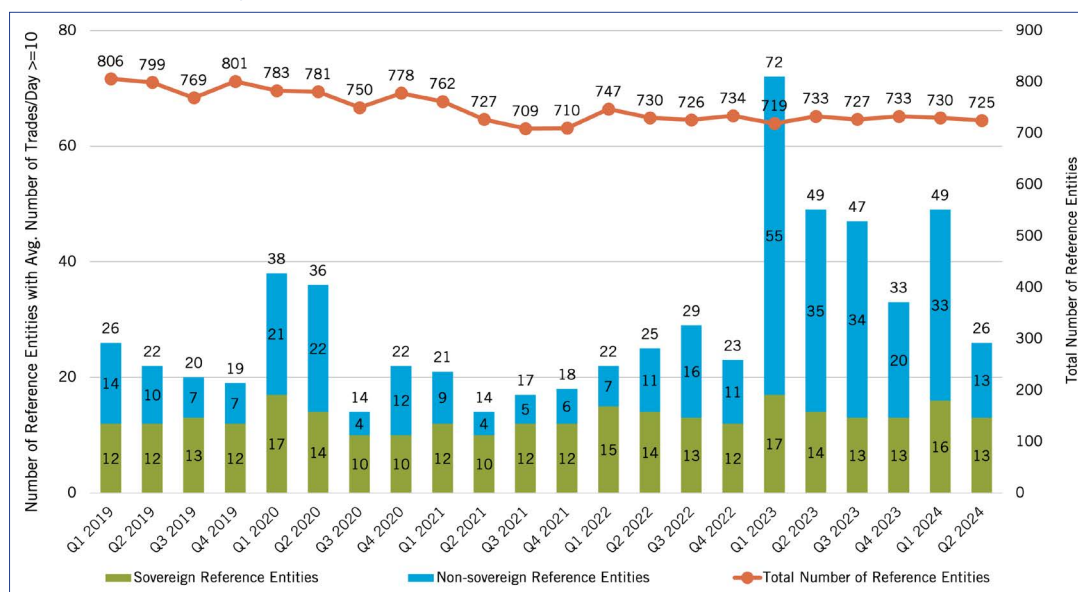
AT&T INC.	REPUBLIC OF CHILE
BANCO SANTANDER, S.A.	REPUBLIC OF COLOMBIA
BANK OF AMERICA CORPORATION	REPUBLIC OF INDONESIA
BARCLAYS PLC	REPUBLIC OF ITALY
BNP PARIBAS	REPUBLIC OF KOREA
DEUTSCHE BANK AKTIENGESELLSCHAFT	REPUBLIC OF PERU
FEDERATIVE REPUBLIC OF BRAZIL	REPUBLIC OF SOUTH AFRICA
FORD MOTOR COMPANY	REPUBLIC OF THE PHILIPPINES
FRENCH REPUBLIC	REPUBLIC OF TURKEY
GENERAL MOTORS COMPANY	ROLLS-ROYCE PLC
GLENORE INTERNATIONAL AG	STANDARD CHARTERED PLC
INTESA SANPAOLO SPA	TELEFONICA, S.A.
KINGDOM OF SAUDI ARABIA	UNICREDIT, SOCIETA PER AZIONI
LLOYDS BANKING GROUP PLC	UNITED MEXICAN STATES
MALAYSIA	VERIZON COMMUNICATIONS INC.
PEOPLE'S REPUBLIC OF CHINA	VOLKSWAGEN AKTIENGESELLSCHAFT

Source: DTCC TIW data

Daily trading activity in single-name CDS was low

Most reference names were traded infrequently on a daily basis. Of the 725 unique reference names executed in the second quarter of 2024, only 26 (3.6%) had 10 or more transactions per day on average. Those 26 reference entities comprised 13 sovereign and 13 non-sovereign names. In contrast, 72 names (10.0%) had 10 or more transactions a day on average in the first quarter of 2023, during the period of heightened market volatility (see Chart 10).

**Chart 10: Number of Single-name CDS Reference Entities with Average 10 or More Transactions Per Day**



Source: DTCC TIW data

Index CDS trading moderated

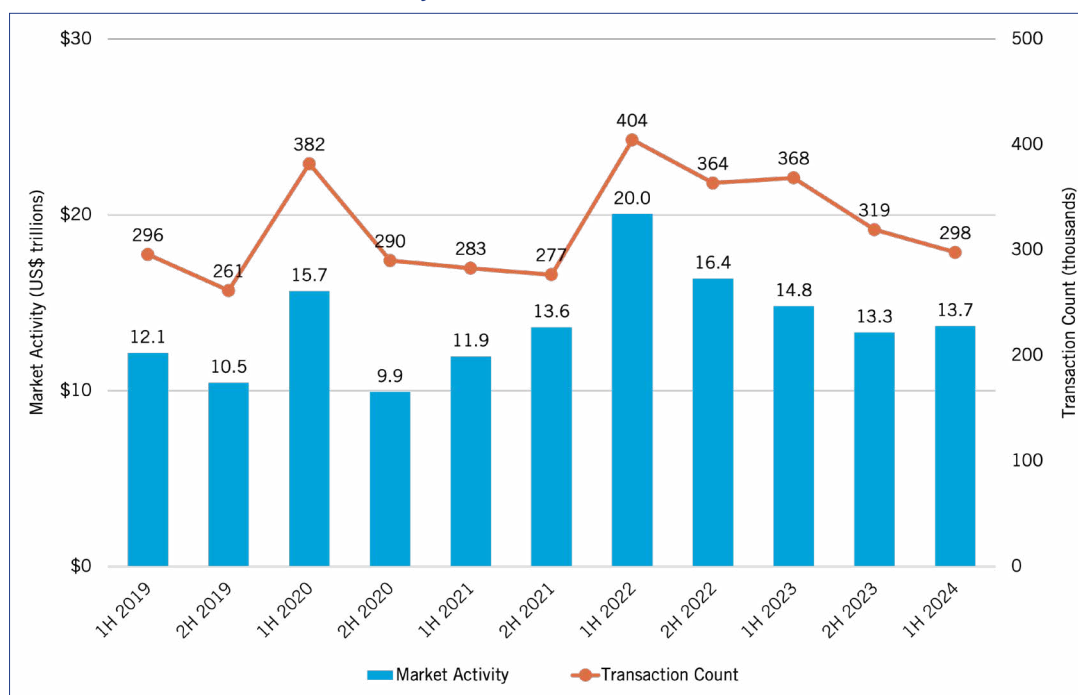
## INDEX CDS MARKET ACTIVITY

Index CDS market activity peaked at \$36.4 trillion in 2022 and declined to \$28.1 trillion in 2023<sup>10</sup>. That compares to \$22.6 trillion in 2019. The growth in 2022 was driven by heightened systemic risk and macroeconomic uncertainty, including rising inflation, successive interest rate hikes and geopolitical tensions. This prompted investors to use index CDS as a broad-based hedging tool, enabling efficient risk management of diversified credit portfolios.

As inflation concerns eased and central banks signaled a slower pace of rate hikes in 2023, demand for broad-based protection through index CDS declined, leading to a reduction in market activity (see Chart 11). This trend contrasts with single-name CDS, which saw an increase in activity in 2023 due to a more targeted focus on specific entities and sectors. This included financial services, which faced unique challenges, including regional banking stress in the US.

Market activity dropped to \$13.7 trillion in the first half of 2024 compared to \$14.8 trillion in the first half of 2023, but remained above the \$11.9 trillion traded in the first half of 2021.

**Chart 11:** Index CDS Market Activity and Transaction Count



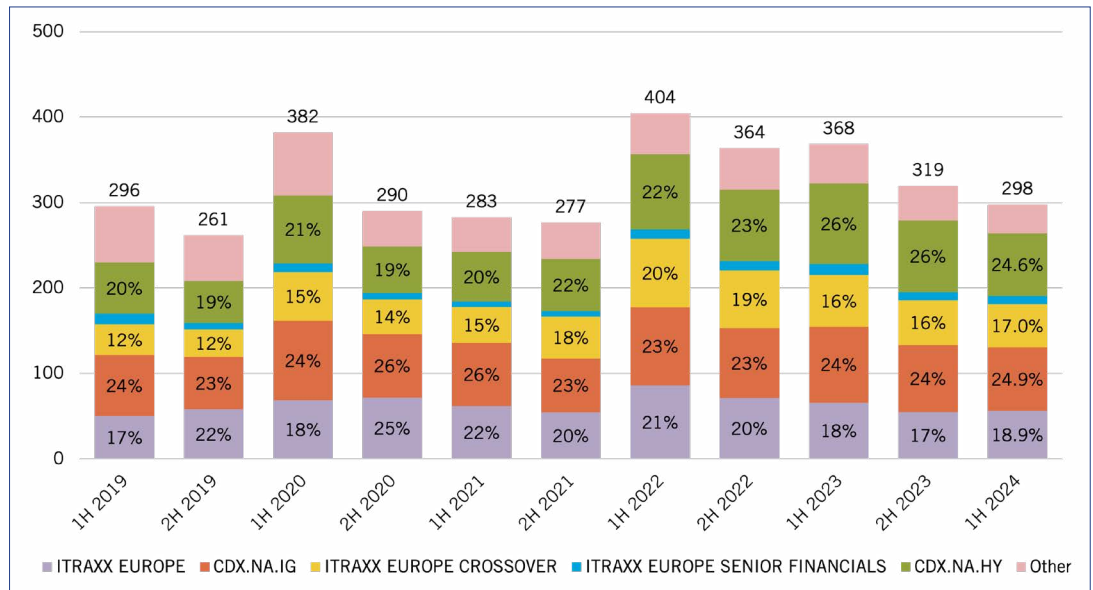
Source: DTCC TIW data

<sup>10</sup> DTCC TIW index CDS data covers both untranched and tranchéd CDS index transactions

CDX IG and CDX HY were the most actively traded CDS indices, accounting for about half of index CDS market activity by transaction count.

Five major indices – iTraxx Europe, iTraxx Europe Crossover, iTraxx Europe Senior Financials, CDX IG, and CDX HY – comprised 88.7% of index CDS transaction count in the first half of 2024 (see Chart 12).

**Chart 12: Index CDS Transaction Count by Credit Indices (thousands)**

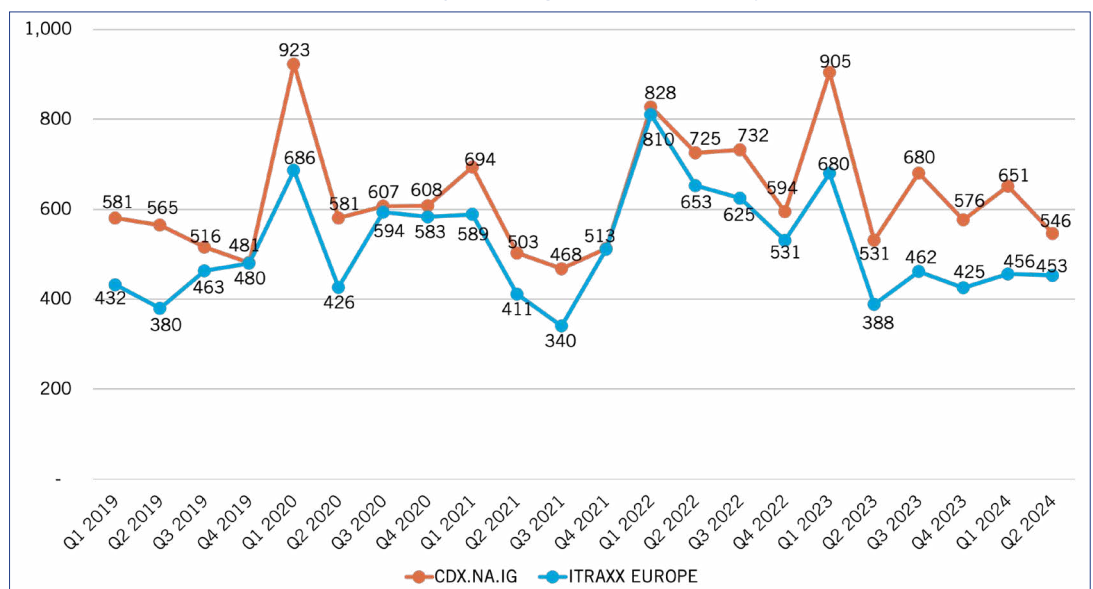


Source: DTCC TIW data

Index CDS had high liquidity and trading frequency

Due to their structure, which offers exposure to a broad basket of credit entities, index CDS are highly liquid and trade frequently throughout the day. For example, CDX.NA.IG index consistently averaged above 500 transactions per day, while iTraxx Europe fluctuated between 380 and 810 transactions per day between 2019 and the end of the first half of 2024 (see Chart 13).

**Chart 13: CDX.NA.IG and iTraxx Europe Average Number of Daily Transactions**



Source: DTCC TIW data

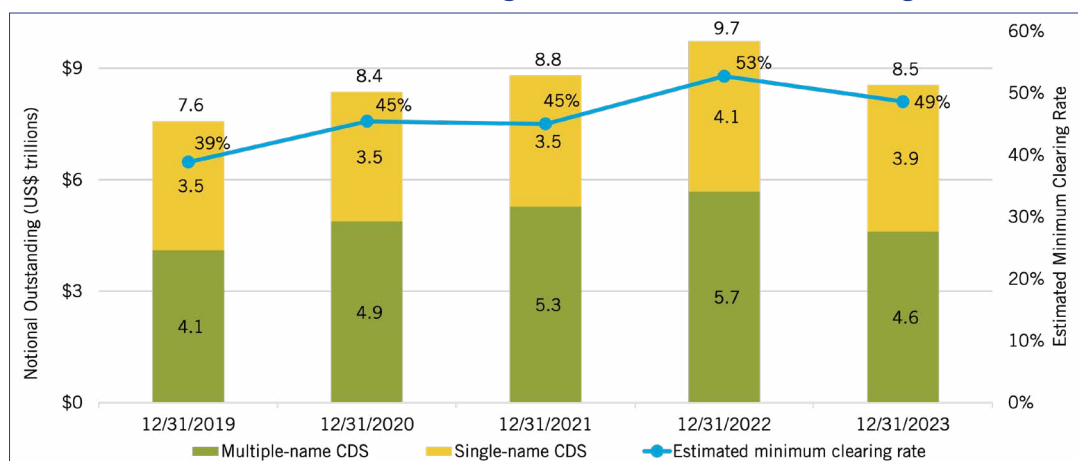
## CDS CENTRAL CLEARING

Central clearing has become well established in the CDS markets, enhancing stability and reducing counterparty risk. The share of centrally cleared CDS transactions has steadily increased in recent years, driven by regulatory mandates and market participants' preference for standardized and transparent risk management practices.

About half of global CDS notional outstanding was cleared

Based on BIS data, about half of global CDS notional outstanding, including multi-name and single-name CDS, was cleared as of year-end 2023 (see Chart 14).

**Chart 14:** Global CDS Notional Outstanding and Estimated Minimum Clearing Rate

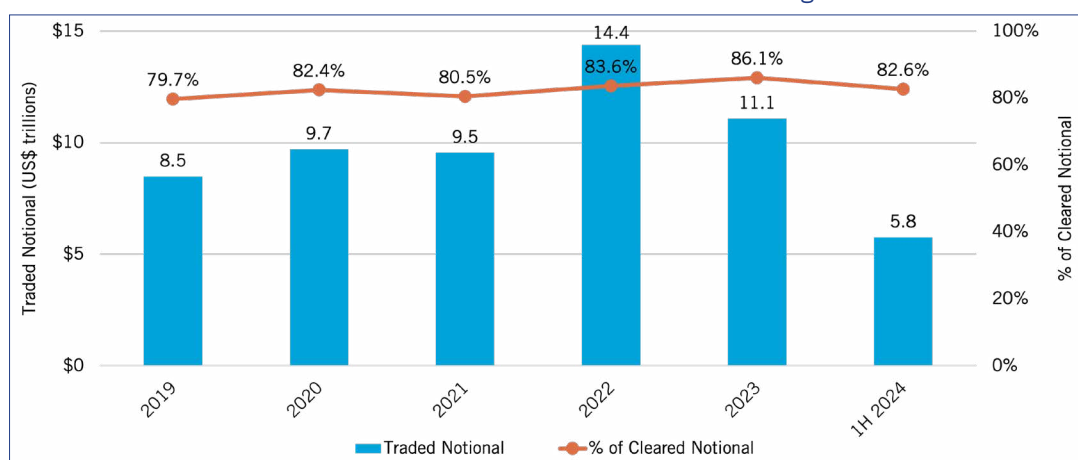


Source: BIS OTC Derivatives Statistics

In the US, 82.6% of index credit derivatives traded notional was cleared

Based on US data required to be reported to swap data repositories under Commodity Futures Trading Commission rules, cleared index credit derivatives transactions comprised 82.6% of total index credit derivatives traded notional in the first half of 2024 (see Chart 15).

**Chart 15:** US Index Credit Derivatives Traded Notional and Percentage of Cleared Notional



Source: DTCC SDR

Additionally, market participants cleared 56.4% of security-based credit derivatives traded notional required to be reported under US Securities and Exchange Commission regulations. 63.8% of corporate single-name CDS and 50.7% of sovereign single-name CDS traded notional was cleared in the first half of 2024.



ISDA has published other recent research papers:

- ***SwapsInfo Third Quarter of 2024 and Year-to-September 30, 2024 Review***  
[www.isda.org/a/pAQgE/SwapsInfo-Third-Quarter-of-2024-and-Year-to-September-30-2024-Review.pdf](http://www.isda.org/a/pAQgE/SwapsInfo-Third-Quarter-of-2024-and-Year-to-September-30-2024-Review.pdf)
- ***Derivatives, Margining and Risk in Emerging Market and Developing Economies***  
[www.isda.org/a/1yQgE/Derivatives-Margining-and-Risk-in-Emerging-Market-and-Developing-Economies.pdf](http://www.isda.org/a/1yQgE/Derivatives-Margining-and-Risk-in-Emerging-Market-and-Developing-Economies.pdf)
- ***Key Trends in the Size and Composition of OTC Derivatives Markets in the Second Half of 2023***  
<https://www.isda.org/a/9i8gE/Key-Trends-in-the-Size-and-Composition-of-OTC-Derivatives-Markets-in-the-Second-Half-of-2023.pdf>

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Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has more than 1,000 member institutions from 76 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and

regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's web site: [www.isda.org](http://www.isda.org). Follow us on [Twitter @ISDA](#).