ISMA and Fortis Bank launch sector indices for fixed income market

(LONDON, UK) Today, unique, daily sector indices for the fixed income market are launched jointly by Benelux based financial services provider Fortis Bank and ISMA (the International Securities Market Association). The indices, covering corporate, Euro denominated, international credit are available from ISMA’s website at www.isma.org.

The ISMA/Fortis Bank indices are a useful tool for relative analysis in the primary market. They provide a clear indication of how bonds are trading in a particular sector, which can affect decisions on pricing a new issue at launch. In the secondary market the indices give traders an impartial means of pricing credit by identifying where bonds may be mis-priced in comparison to the theoretical price for that sector and rating. They also have an application in the risk management area for assessing volatilities and for use in Value at Risk calculations.

The indices are compiled daily by Fortis Bank from data supplied by ISMA, including the features of international bond issues taken from ISMA’s CUPID service and end of day prices derived from ISMA member firms and from its TRAX trade reporting system. The spread over the swap curve is then calculated for eight industry sectors, further split down by duration and ratings to give a unique picture of relative value in the international corporate debt market.

Investors can also consult matrix pricing on the ISMA website, this gives a view on credit risk for all sectors by rating, duration and currency.

In future the indices will be extended to cover USD and GBP denominated international debt.

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Notes for editors

1 International Securities Market Association

The International Securities Market Association (ISMA) is the self-regulatory organisation and trade association for the international securities market. For almost 500 member firms in some 50 countries world wide, ISMA oversees the efficient functioning of the market through the implementation and enforcement of a self-regulatory code covering trading, settlement and good market practice. The Association also provides its member firms - and other users - with a range of services, products and support.

2 Fortis Bank

Fortis is an international financial services provider active in the fields of insurance, banking and investment. With a market capitalisation of EUR 28 billion and around 69,000 employees, Fortis ranks in the top 30 of European financial institutions. In its home market, the Benelux countries, Fortis occupies a leading position and offers a broad range of financial services to...
individuals, companies and the public sector. Outside its home market, Fortis concentrates on selected market segments. Fortis is listed on the exchanges of Amsterdam, Brussels and Luxembourg and has a sponsored ADR programme in the United States. Fortis Global Markets, with dealing rooms in Amsterdam, Brussels, London, Luxembourg, Hong Kong, Singapore and New York, provide FX&MM, Fixed Income, Credit Spread and Equity Services to institutional investors and large and medium-sized enterprises.

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