

4

Securities Markets

Progress in the securities markets, in terms of dimensions such as institutional structure, efficient and transparent price discovery, sound risk mitigation, and robust settlement systems, continued in 2003-04. Trading volumes surged, new highs were attained in prices and liquidity, primary markets revived, and new products were launched. Broad-based improvements in asset markets

comprising equity, debt, commodities and currencies helped in the transmission of information across markets, spreading of risks, and improving resource allocation and efficiency. Developments in May 2004 severely tested market resilience and robustness of the institutional structure. The risk management system amply demonstrated its resilience on May 17, 2004.