

# FX Trading Trends

May 2014

Treasury Conference Budapest



**THOMSON REUTERS**<sup>™</sup>

#### Cost

- Allocating balanced sheet
- Genuine liquidity vs. agency trading
- Customer profitability

#### Regionalization

Tier 1 – Retrenchment to HUBs. Global liquidity provision Tier 2 – Regional Service Excellence & Specialization Tier 3 & 4 – Domestic Service Excellence



#### Regulation

- Driving e-FX volumes
- OTC to Order book on SEF
- Instrument substitution

#### Aggregation

- Multi-venue/ Multi-counterparty liquidity
- Smart order routing
- Auto-Hedging & Risk Offset



# FXExchange Survey 2014

Has your internal process for trading the FX markets become more onerous since the advent of increased regulation? Do you think that regulation will affect the following aspects of your internal infrastructure in the coming year?



In what areas can workflow and trading technology vendors help you most in the current environment?

Have your trading practices shifted to include more e-trading as it has become available?

27% Much more onerous

7% No more onerous

66% Slightly more onerous



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# Today's FX Communities Demand Platforms that Seamlessly Deliver to the Community as a Whole





## FX Trading Liquidity/Venue Fragmentation

Type of Venue	Description
IDB	Primary market spot, forwards, NDFs 90+ Bln USD ADV & primary market liquidity in GBP, AUD, NZD, CAD, SEK, NOK, DKK, CNH, MXN
<b>Negotiation Network</b>	Conversational dealing Global Cross-asset Peer-to Peer commission free trading with STP. 16,000+ participants
Relationship Trading	Dealer-to-client request-for-quote trading Dominant liquidity source
Order Book	Anonymous ECN spot Complementary trading paradigm on majors (EUR, CHF, JPY)
Bank Stream	Continuous streaming bank rates Streaming Bank Liquidity as a step up from Relationship Trading
Regulated venues (SEFs)	SEF's access Comply with regional flavors of regulations

## **FX Flow Trends**

- BIS Triennial Central Bank Report
  - US\$ seems unchallenged by the EURO (87% onside share vs. 33%)
  - Yen, Rubel and Aussie \$ are gaining significants
  - Mexian Peso and Renminbi joined the top 10
- Flow products keep increasing market share
  - FX Swap (2,2 Trillion April '13)
  - FX Spot (2 Trillion April '13)
  - FX Options (vanilla)





# **FX Trading Insight**

- Valuable insight empowers user trading strategies and decisions
  - Market News & FX Buzz
  - FX Polls
  - Market Activity & Heatmaps
  - Charting
  - Real Time & Historical Market Data
  - Indicative Price Curve (Spot, Swaps, NDFs, Options)
  - Deposits, Forwards & Options Calculators
  - Sell side added value data and apps





### **Evolution of Corporate Trading**

• Effective management of client flows through e-commerce solutions covering price making, price distribution, liquidity connectivity, auto-heading and aggregation

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# Buy-side access to aggregated liquidity

- Corporate Treasury & Institutional Fund
   Managers access to
   liquidity from 85+
   Banks
  - standalone
    Multibank portal
  - Trading integrated into pre trade analytics
  - Relationship Trading (RFQ)
  - Bank Stream (Streaming RFQ)
  - Regulated Trading
  - Added value conversations with peers and sell side





## **FX Trading Innovation**

- FX Trading rapidly delivers new electronic trading functionality to the market including NDF Matching and FX Options Callouts
- FX Trading will continue to deliver innovative new products including Desktop Aggregation and Risk Management

**Desktop Liquidity Aggregation** 

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#### **FX Options Callout**



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## **THANK YOU!**



