

# FX

## MONTHLY REVIEW

April 2016



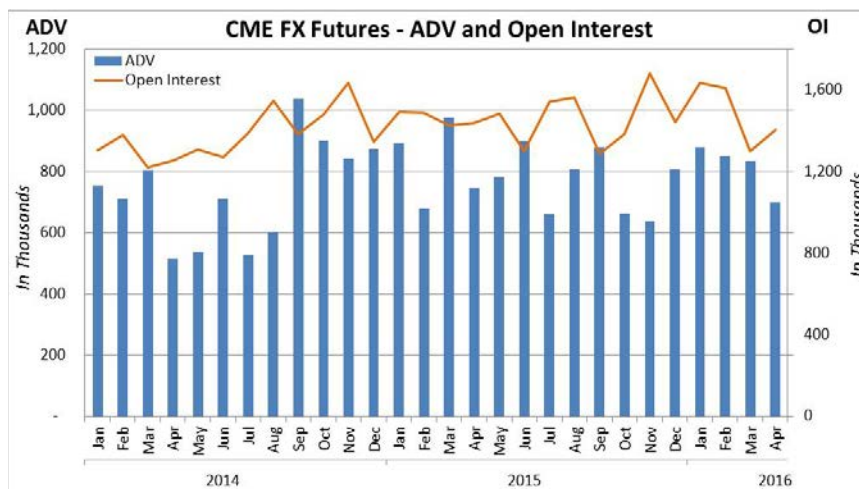
### Performance Overview of CME FX Futures and Options:

- Highlights
- Trends
- Resources

# PRODUCT OVERVIEW - FUTURES

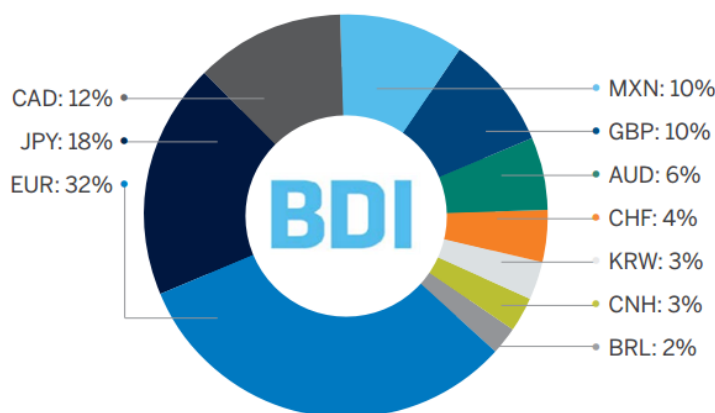
## FX FUTURES

- April 2016 FX Futures ADV of 698,958 (\$68bn notional)
- FX Futures ADV is -1% YTD YoY
- Continued Brexit concerns as well as monetary policy decisions from the Fed, Bank of Japan, and Reserve Bank of New Zealand were key volatility drivers in April
- JPY futures volume has been strong throughout the beginning of the year, but the overall market experienced lower YoY volumes in April due to subdued volatility and more holidays than 2015



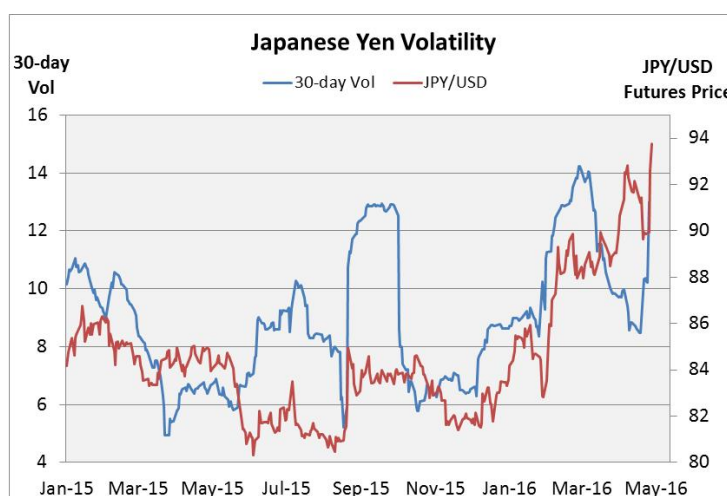
## CME BLOOMBERG DOLLAR SPOT INDEX (BDI) FUTURES

- [BDI futures](#) launched on April 4 and are trading top of book at a spread of 0.1 index points (\$10)
  - Track the US dollar against EUR, JPY, CAD, MXN, GBP, AUD, CHF, KRW, CNH and BRL
  - Capitalize on an index that is rebalanced annually by Bloomberg
  - Benefit from the depth of CME FX futures liquidity pool
  - Connect to the platform of your choice
    - **Globex:** BDI
    - **Bloomberg:** BDIA <Index>
    - **Reuters:** <0#1BDIX:>
    - **TT:** BDI
    - **Fidessa:** BDI
    - **ION:** BDI



## CURRENCY VOLATILITY

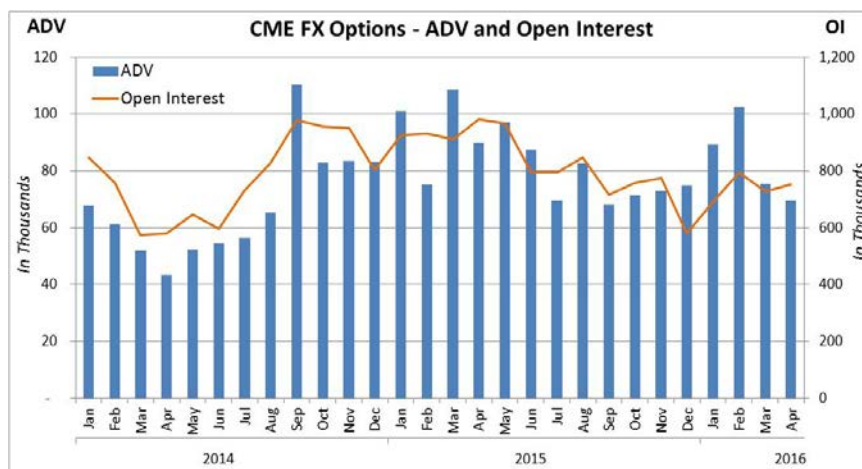
- The Bank of Japan unexpectedly abstained from implementing additional stimulus, driving the yen rally to an 18-month high against the US dollar
  - JPY experienced the largest weekly rally in seven years during the last week of April
- Recent polls are signaling support for Brexit, a main volatility driver for the British pound
- The RBNZ did not adjust interest rates which led to price volatility in the New Zealand dollar



# PRODUCT OVERVIEW - OPTIONS

## FX OPTIONS

- April 2016 FX Options ADV of 69,618 (\$8bn notional)
- FX Options ADV is -10% YTD YoY
- Lack of volatility, especially in euro, led to lower overall options volume



## THIRD SERIAL MONTH

- On April 25, a [third serial month contract](#) was added in FX Options products
- The 3<sup>rd</sup> serial month contract provides market participants greater opportunity to manage the full 3-month risk exposure
- Strong market maker participation with good liquidity resulted in +5,000 contracts traded and +4,000 open interest in the first week

Globex Code	Product
6A	AUD/USD American Options
XAD	AUD/USD European Options
6C	CAD/USD American Options
XD	CAD/USD European Options
6S	CHF/USD American Options
XS	CHF/USD European Options
ECZ	CZK/EUR American Options
CKO	CZK/USD American Options
RF	EUR/CHF American Options
RP	EUR/GBP American Options
RY	EUR/JPY American Options
6E	EUR/USD American Options
XT	EUR/USD European Options

Globex Code	Product
6B	GBP/USD American Options
XB	GBP/USD European Options
EHU	HUF/EUR American Options
HFO	HUF/USD American Options
ILS	ILS/USD American Options
6J	JPY/USD American Options
XJ	JPY/USD European Options
6N	NZD/USD American Options
EPL	PLN/EUR American Options
PLZ	PLN/USD American Options

## IMPLIED FUNCTIONALITY FOR SPREAD RFQS

- [Implied functionality](#) went live on April 25 and ensures maximum liquidity for FX option spreads
- Best execution is achieved by creating a link between the spread and outright book
- Six currency options utilizing implied functionality:
  - EUR/USD, JPY/USD, GBP/USD, AUD/USD, CAD/USD, CHF/USD
- Eight UDS option spread strategies are eligible for Implied Options
  - Calendar, Vertical, Diagonal, Straddle, Strangle, Double, Guts, Risk Reversal

## NEW COMMITTED CROSS (C-CROSS) FUNCTIONALITY

- On April 10, Committed [Cross \(C-Cross\) protocol](#) was introduced as the new crossing protocol in FX options
- C-Cross order eliminates the need for a manual RFQ and notifies the market that a cross will take place in the CLOB
- A five-second window (Pre-Cross state) before the cross takes place allows market participants to place orders
- If the cross price betters the existing market, and new orders submitted during the Pre-Cross state do not improve on the C-Cross price, the C-Cross order will be eligible for a Better Price Match allocation of 20%