

Focus on CME G7 Calendar Spreads

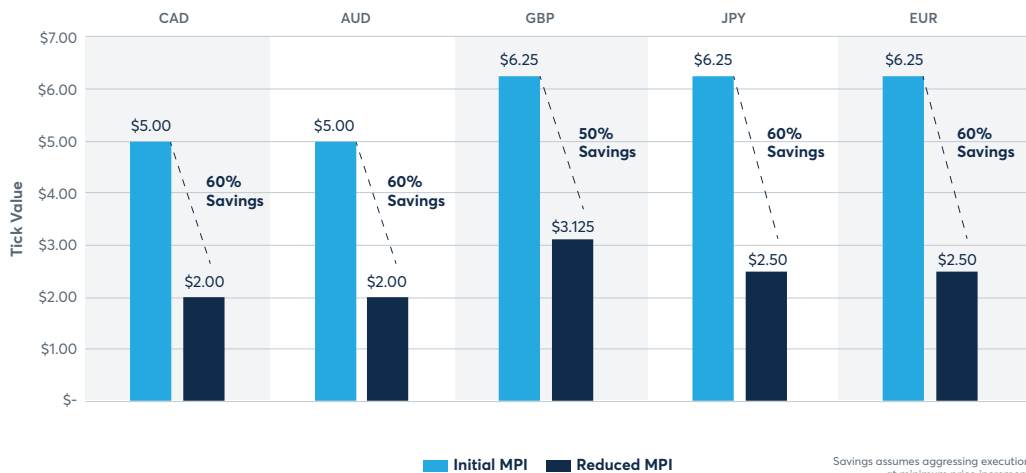
CME FX calendar spreads represent a low cost, capital and credit efficient way to manage FX swap exposure. Traded electronically on CME’s all-to-all marketplace, this firm liquidity can be attractive to participants managing FX swap exposures.

Reduced Minimum Price Increment

CME Group recently reduced the MPI in AUD/USD and CAD/USD non-consecutive calendar spreads from 0.5 (\$5.00) to 0.2 (\$2.00), following the successful 2019 reductions in GBP/USD, EUR/USD, and JPY/USD.

This should deliver better value to market participants by lowering the cost of execution.

- **EUR & JPY:** Quoted at 0.2 (vs. 0.5 previously) nearly the entire roll, an end-user cost improvement of 60%
- **GBP:** Quoted at 0.5 (vs. 1.0 previously) the entire roll, an end-user cost improvement of 50%
- **AUD & CAD:** Quoted at 0.2 (vs. 0.5 previously) nearly the entire roll, an end-user cost improvement of 60%



Liquidity to Trade in Large Size

The Mar 2021 roll continues to highlight healthier liquidity, with enough top-of-book (TOB) depth for participants to execute at the reduced MPI (~99% of the two-week roll period).

- **EUR:** TOB depth averaged \$2.3B (15K contracts)
- **GBP:** TOB depth averaged \$3.4B (39K contracts, ~19x maximum order quantity)
- **JPY:** TOB depth averaged \$2.9B (26K contracts, ~3x maximum order quantity)

| CURRENCY PAIRS | MPI | NOTIONAL MARCH ADV (2 WEEK ADV) | MARCH ADV (2 WEEK ADV) |
|----------------|---------------|---------------------------------|------------------------|
| EUR/USD | \$2.50 (0.2) | \$22.8 Bn | 149,496 RT ADV |
| GBP/USD | \$3.125 (0.5) | \$3.8 Bn | 42,741 RT ADV |
| JPY/USD | \$2.50 (0.2) | \$4.9 Bn | 42,861 RT ADV |
| AUD/USD | \$2.00 (0.2) | \$2.8 Bn | 36,227 RT ADV |
| CAD/USD | \$2.00 (0.2) | \$3.6 Bn | 43,000 RT ADV |

Data for roll spreads during the two-week roll period RTH Q1 2021

EUR, GBP & JPY spread markets are 80% Pro-Rata/20% FIFO, AUD and CAD spread markets were migrated to this match algorithm structure ahead of the March roll

CME FX Link

The first ever Central Limit Order Book (CLOB) between OTC spot FX and listed FX futures, is being used by a diverse set of participants for a wide range of purposes, presenting a unique form of firm liquidity for FX swap market participants.

Use cases include:

- Replicating FX swap activity: A transparent alternative to roll or hedge spot and FX swaps exposures
- Managing FX basis: Mitigate execution risk by managing spot-futures basis in a single transaction
- Converting spot delta hedges: Optimize option margins by converting spot delta hedges to futures

Discover more FX Link uses cases: cmegroup.com/fxlink

Get connected: ISV codes

| CURRENCY PAIR | EUR/USD | GBP/USD | JPY/USD | AUD/USD | CAD/USD | CHF/USD | NZD/USD |
|-----------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Bloomberg Code* | ECA ccy | BPA ccy | JYA ccy | ADA ccy | CAD ccy | SFA cmdty | NVA ccy |
| Reuters Code* | URO | BP | JY | AD | CD | SF | NE |
| Reuters FX Link | UROXF-EURUSD | BPXF-GBPUSD | JYYF-USDJPY | ADXF-AUDUSD | CDYF-USDCAD | SFYF-USDCHF | NEXF-NZDUSD |

*Codes are for front outright contracts

For more information, please contact fxteam@cmegroup.com

cmegroup.com

Neither futures trading nor swaps trading are suitable for all investors, and each involves the risk of loss. Swaps trading should only be undertaken by investors who are Eligible Contract Participants (ECPs) within the meaning of Section 1a(18) of the Commodity Exchange Act. Futures and swaps each are leveraged investments and, because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for either a futures or swaps position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles and only a portion of those funds should be devoted to any one trade because traders cannot expect to profit on every trade.

CME Group, the Globe Logo, CME, Globex, E-Mini, CME Direct, CME DataMine and Chicago Mercantile Exchange are trademarks of Chicago Mercantile Exchange Inc. CBOT is a trademark of the Board of Trade of the City of Chicago, Inc. NYMEX is a trademark of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. All other trademarks are the property of their respective owners.

The information within this communication has been compiled by CME Group for general purposes only. CME Group assumes no responsibility for any errors or omissions. Additionally, all examples in this communication are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience. All matters pertaining to rules and specifications herein are made subject to and superseded by official CME, CBOT, NYMEX and COMEX rules. Current rules should be consulted in all cases concerning contract specifications.