

FX Trends during COVID-19

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FX Trends during COVID-19

1. Market volatility
2. Increased transaction volumes
3. Widening of interbank spreads
4. Tightening of credit conditions

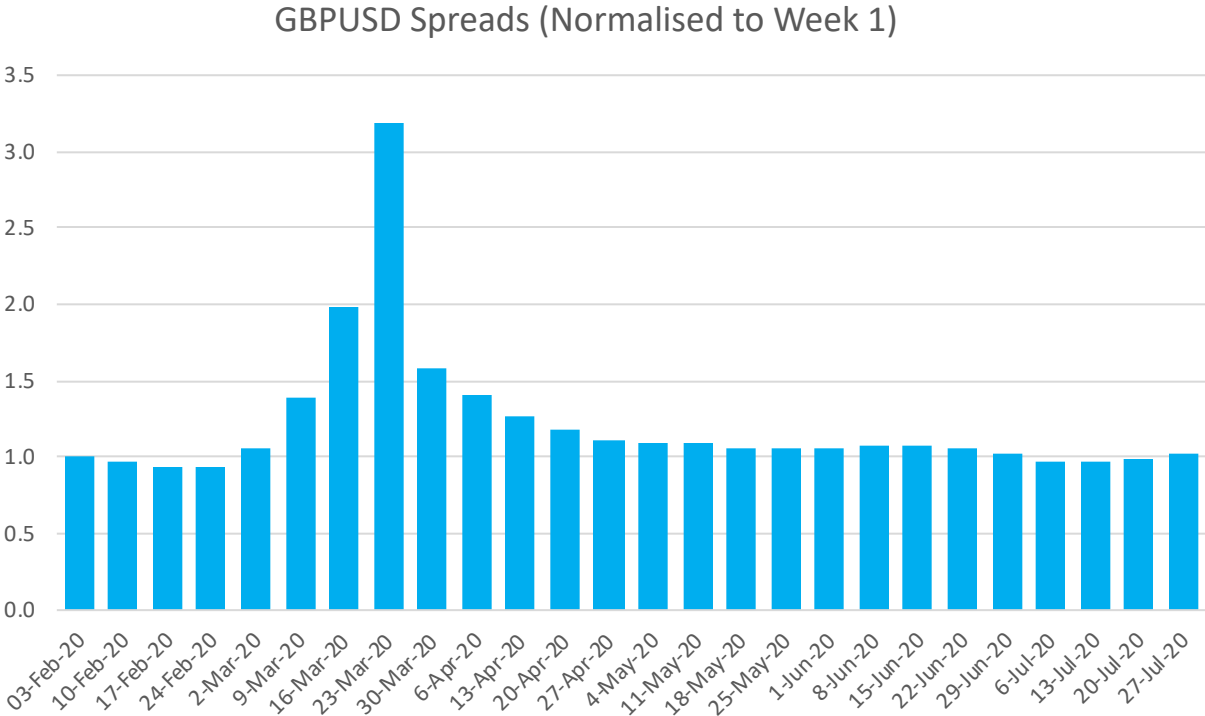
1. Market volatility

- Liquidation of assets, broad based USD strength
- GBPUSD trades from 1.32 to 1.14 over 9 trading sessions
- GBP 3m implied volatility above 20
- Focus on market colour, streaming pricing, uninterrupted trading

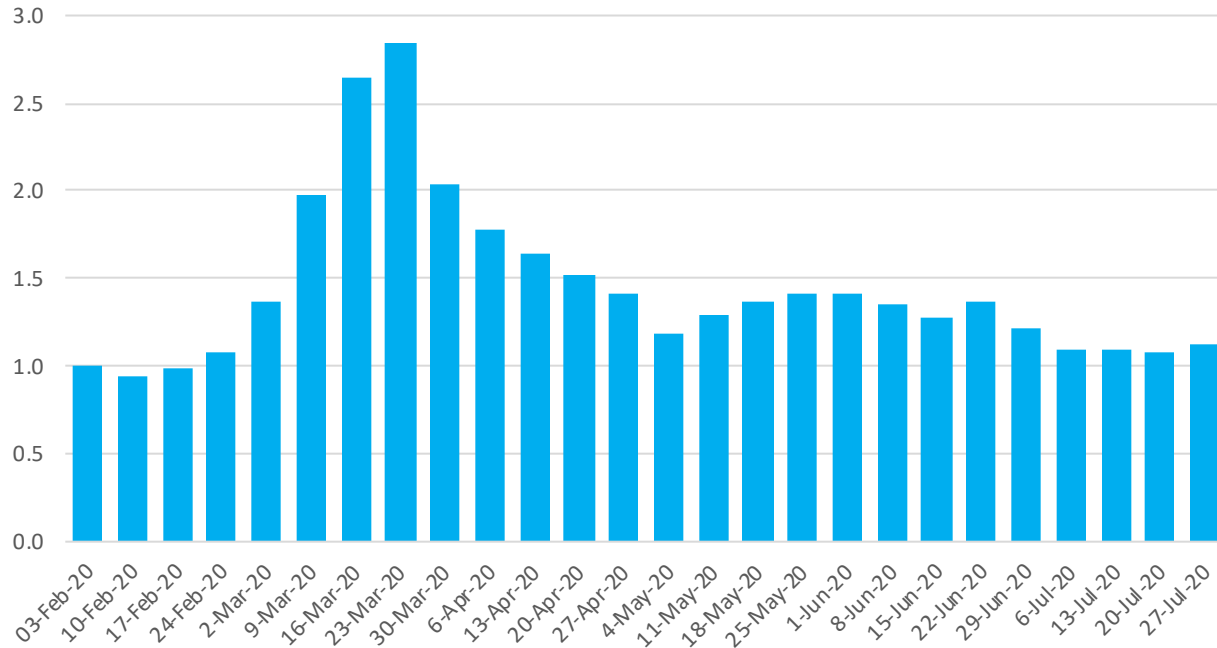
2. Increased transaction volumes

- 2.5x volume increase vs. pre-COVID average
- Opportunistic hedging/unwinding of positions
- Options portfolios - reduction of overall delta

3. Increase in interbank spreads



EURGBP Spreads (Normalised to Week 1)



4. Tightening of credit conditions

- Diversified client set
- Increase in potential future exposure (PFE)
- Large MTM swings
- Increased collateralisation

What next?

- Moderate dip in April, but volumes have held up well since
- Focus on domestic drivers – Brexit/US elections
- Further consolidation in sector
- Continued growth
- Regulatory change