

FX Volumes

Presentation to the FX Committee
September 29, 2021

FX Committee-Reported Volumes Show Growth in Swaps; Near-Median Volumes in Spot, Forwards, and OTC Options

FX Measures	Spot Transactions	Forward Transactions	Foreign Exchange Swaps Transactions	Over the Counter Options
April 2021 ADV (\$B)	\$384,405	\$183,394	\$357,146	\$41,733
Change from 2020	18%	19%	42%	22%
Change from 2019	20%	2%	38%	-21%
Change from 2018	-11%	-15%	19%	-6%
April 2021 ADV Rank	45%	55%	100%	50%

Source: FX Committee Data. 2011 – 2021. *ADV Rank* measures the percentage rank of April 2021 ADV against the history of reported FX Committee spot pair volumes. Includes non-financial customer transactions (~5-10% of total FX volumes).

FX Committee-Reported Spot ADV shows volume dispersion across major pairs relative to their histories

FX Spot Measures	Euro	Japanese Yen	British Pound	Australian Dollar	Canadian Dollar	Chinese Yuan
April 2021 ADV (\$B)	\$97,371	\$63,806	\$40,503	\$29,027	\$34,937	\$5,472
Change from 2020	33%	16%	18%	12%	8%	45%
Change from 2019	37%	26%	18%	14%	9%	-1%
Change from 2018	-3%	-19%	-24%	-7%	-3%	46%
April 2021 ADV Rank	45%	25%	10%	55%	80%	80%

Source: FX Committee Data. 2011 – 2021. Chinese Yuan data from April 2016 onward. *ADV Rank* measures the percentage rank of April 2021 ADV against the history of reported FX Committee spot pair volumes. Includes non-financial customer volumes.

Realized FX Volatility is near historic lows

- Realized volatility in major FX futures contracts is low in 2021, down significantly from 2020 averages.
 - EUR/USD FX futures realized volatility is in the 5th percentile in Q3 2021; 11th percentile YTD 2021.
 - JPY/USD FX futures realized volatility is in the 13th percentile in Q3 2021; 9th percentile YTD.
 - GBP/USD FX futures realized volatility is in the 15th percentile in Q3 2021; 19th percentile YTD.
- The CME G5 FX CVOL index is averaging 6.7% in 2021, down from 8.6% in 2020.

Measure	Euro	Yen	GBP
<i>Q3 2021 Volatility % Rank</i>	<i>5%</i>	<i>13%</i>	<i>15%</i>
Q3 2021 Realized Volatility	4.1%	4.9%	7.0%
<i>YTD 2021 Volatility % Rank</i>	<i>11%</i>	<i>9%</i>	<i>19%</i>
YTD 2021 Realized Volatility	6.0%	5.0%	6.3%
<i>2020 Full-Year Volatility % Rank</i>	<i>43%</i>	<i>51%</i>	<i>83%</i>
Mean Volatility (Jan'07 – Sep'21)	8.6%	9.2%	9.1%

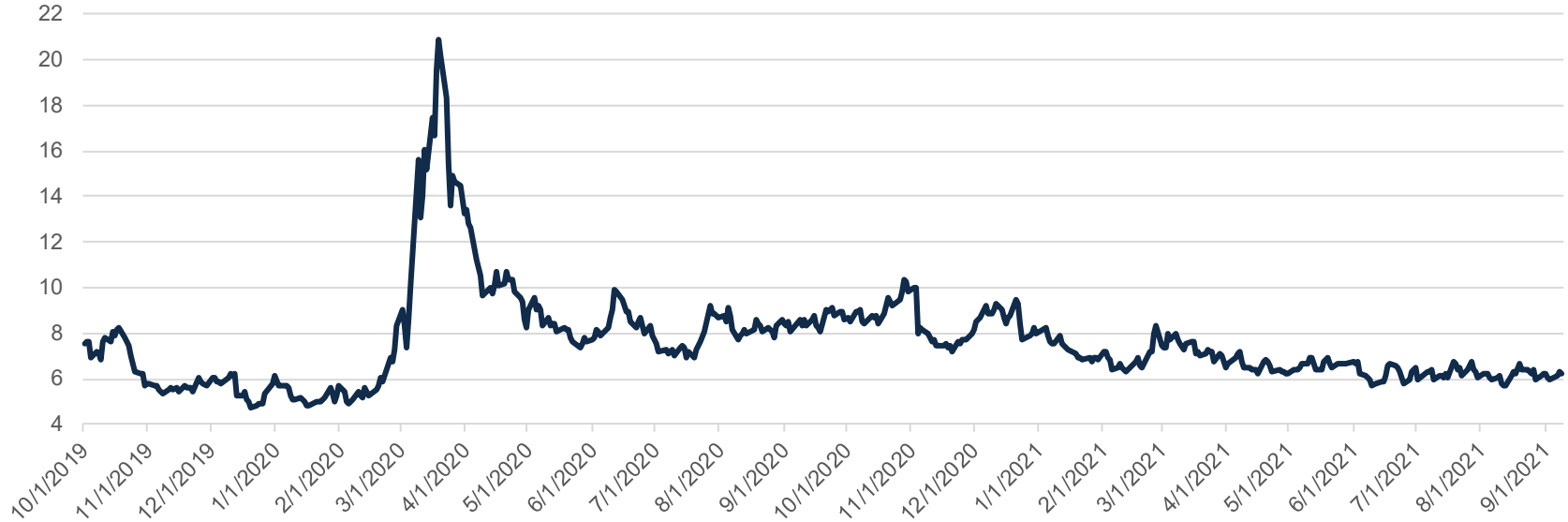
Volatility percentiles measured using realized calendar quarter volatilities of front-month CMEFX futures contract settlement prices. Full-year and year-to-date volatilities are computed as arithmetic averages of realized quarterly volatilities. Data range: January 2007 through Sep 15, 2021. Source: CME [CME Group Volatility Indexes \(CVOL\)](#)

FX volatility has continued to abate post the Covid shock

The CME G5 FX CVOL index is averaging 6.7% in 2021, down from 8.6% in 2020.

Source: <https://www.cmegroup.com/market-data/cme-group-benchmark-administration/cme-group-volatility-indexes.html>

CME G5 FX CVOL Index

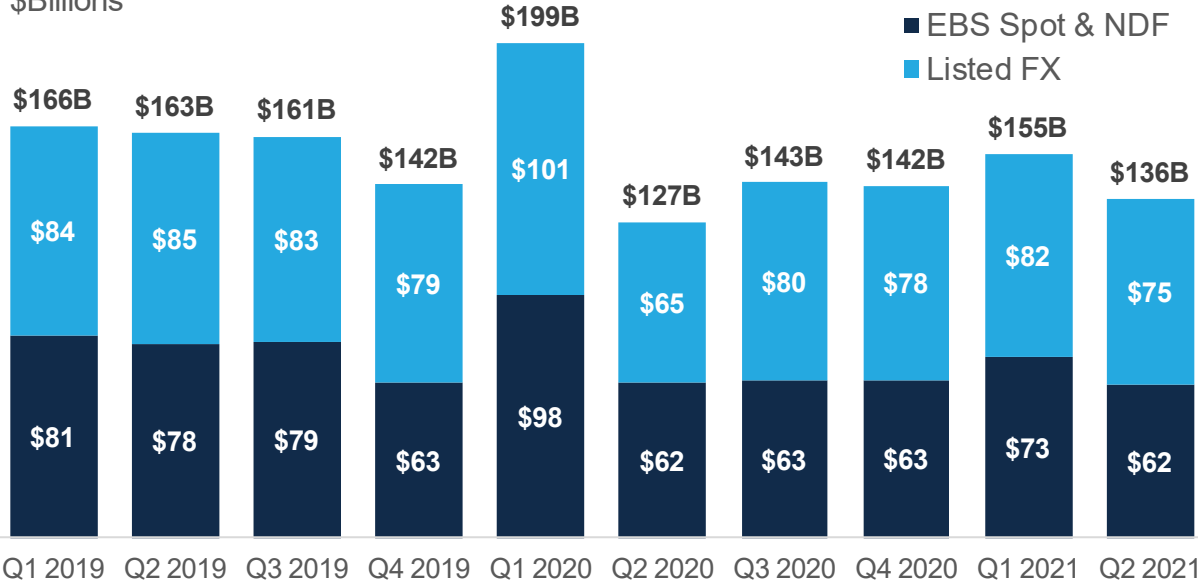


After a spike in Q1 2020 FX Volumes Impacted by Sustained Low FX Volatility

CME FX Venues Volume Over Time

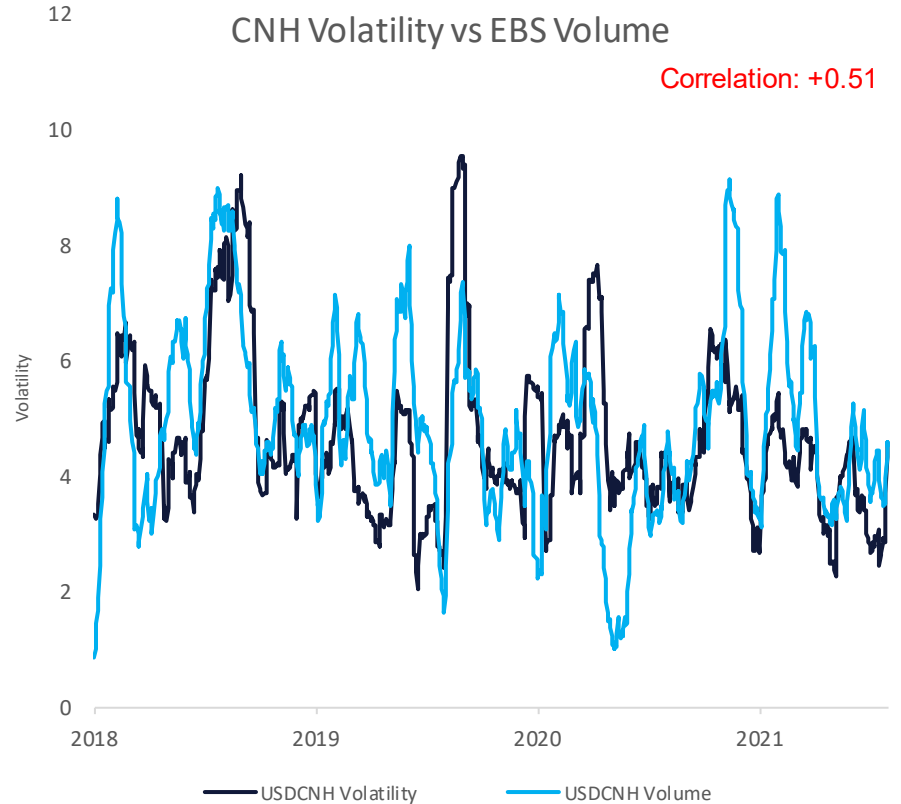
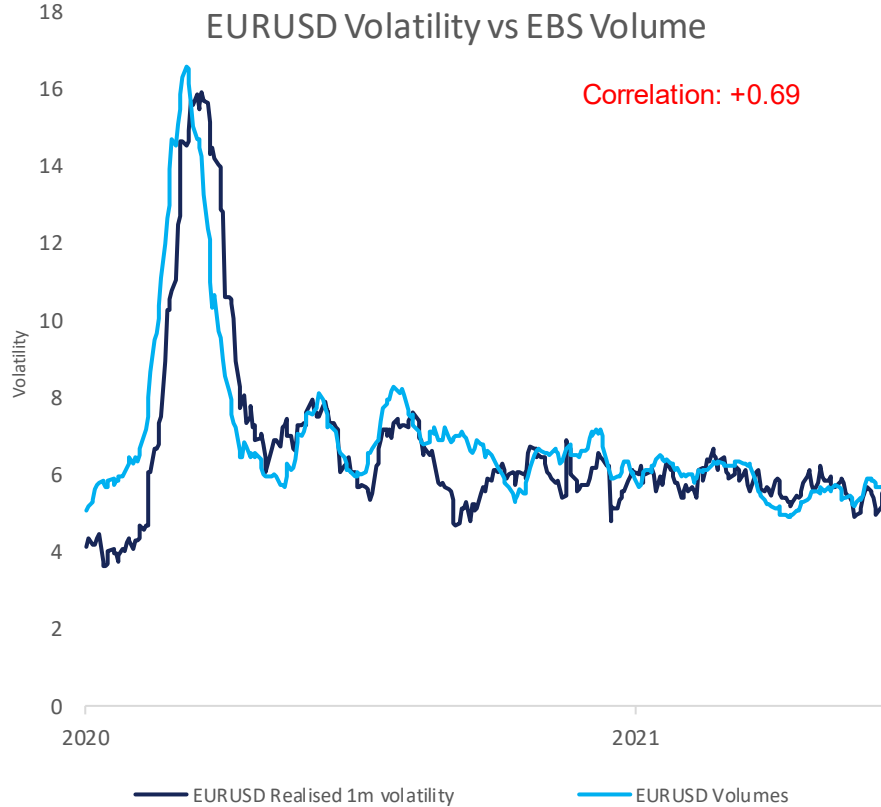
CME FX Average Daily Notional Volume Traded by Venue

\$Billions



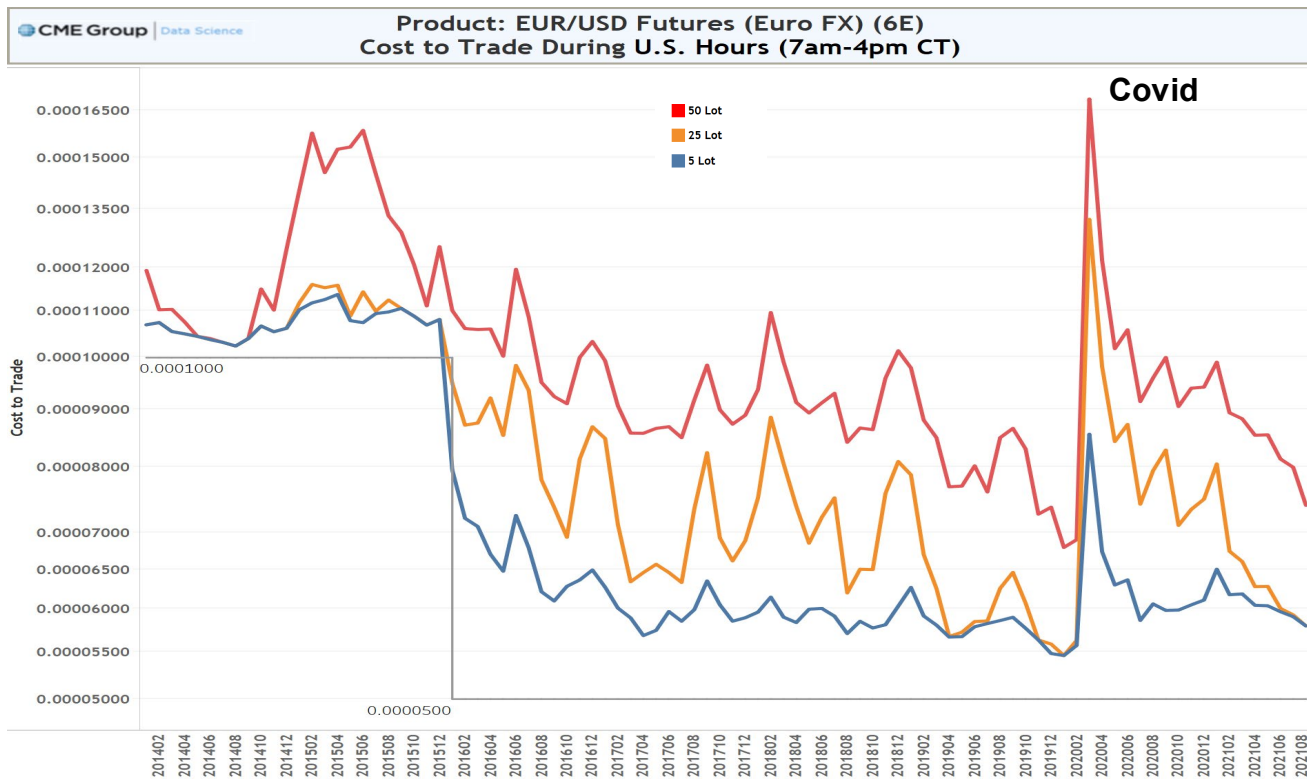
Euro and Yen are the largest currency pairs on CME venues by 2020 volumes; making up over 40% of all volume traded across the platforms

Volatility impact on selected EBS Pairs



EUR/USD futures cost to trade (January 2014 – August 2021)

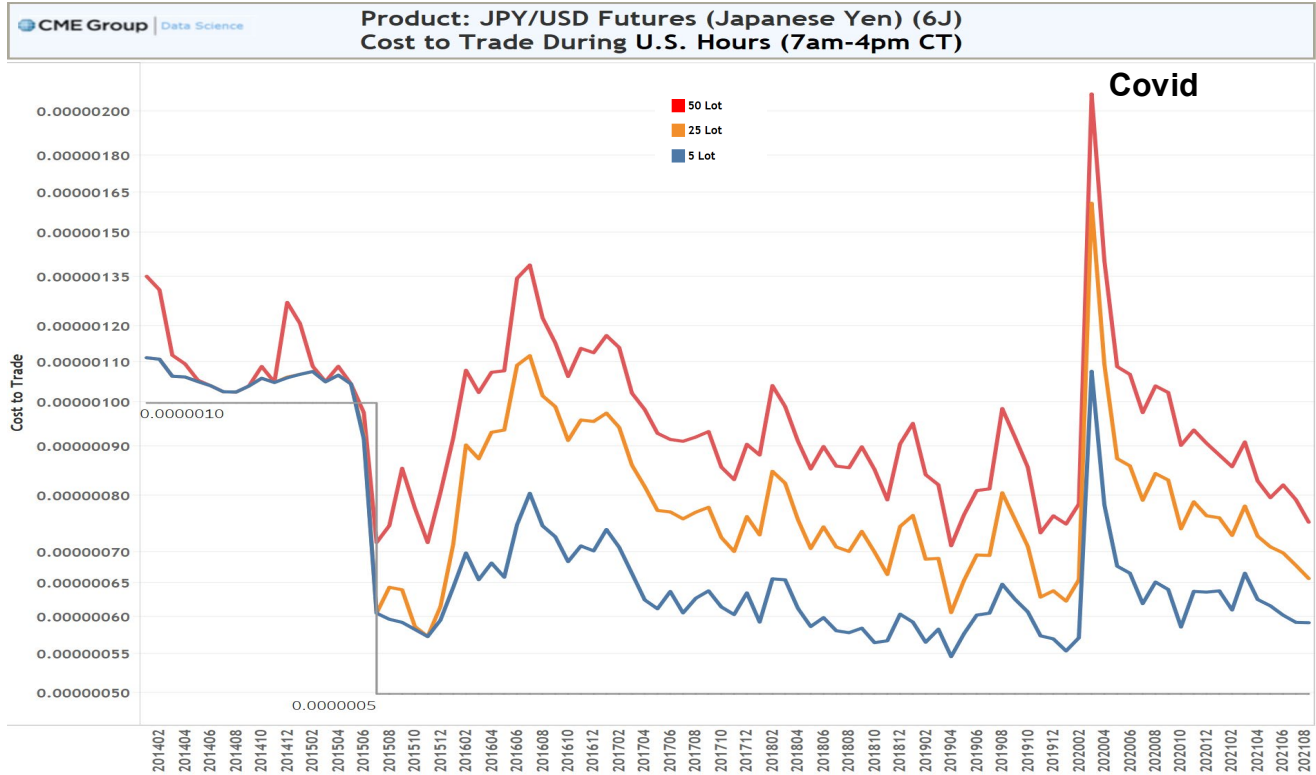
Source: CME Liquidity Tool (<https://www.cmegroup.com/tools-information/cme-liquidity-tool.html>)



Note: Minimum price increment reduced in January 2016

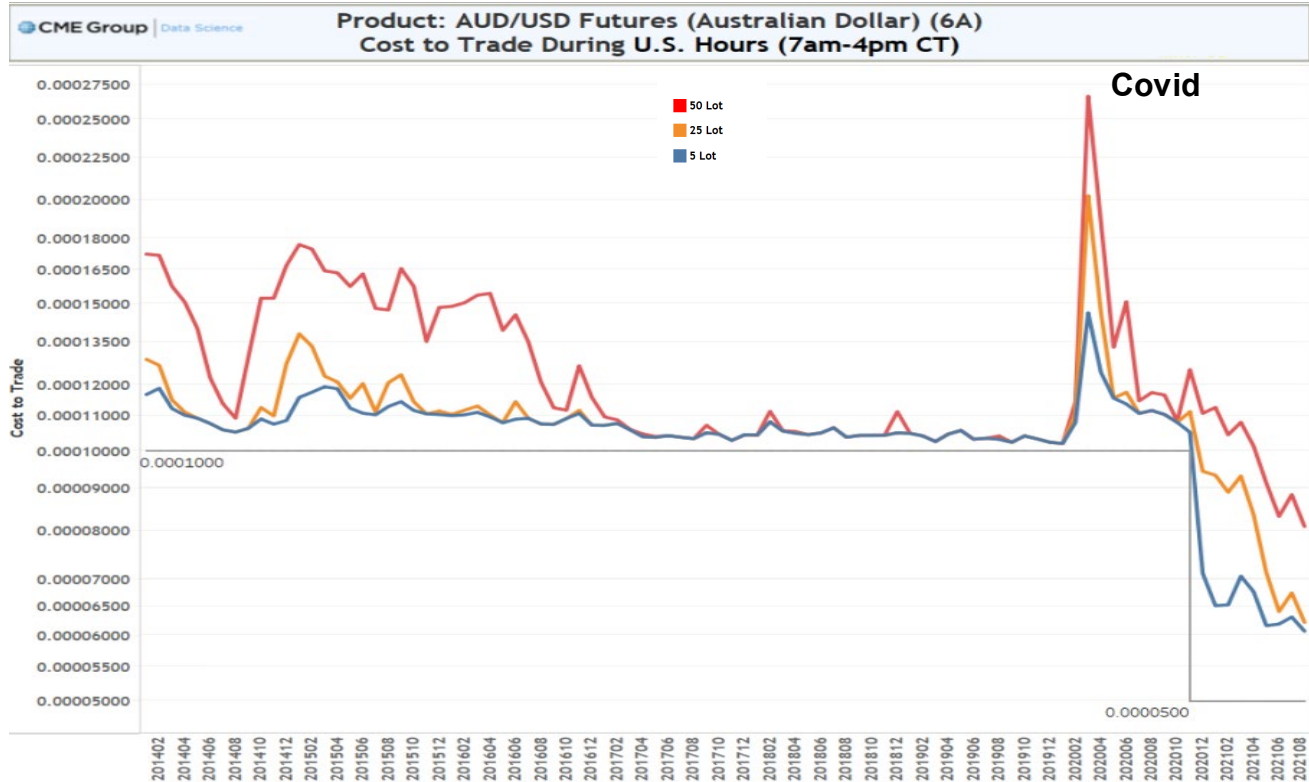
JPY/USD futures cost to trade (January 2014 – August 2021)

Source: CME Liquidity Tool (<https://www.cmegroup.com/tools-information/cme-liquidity-tool.html>)



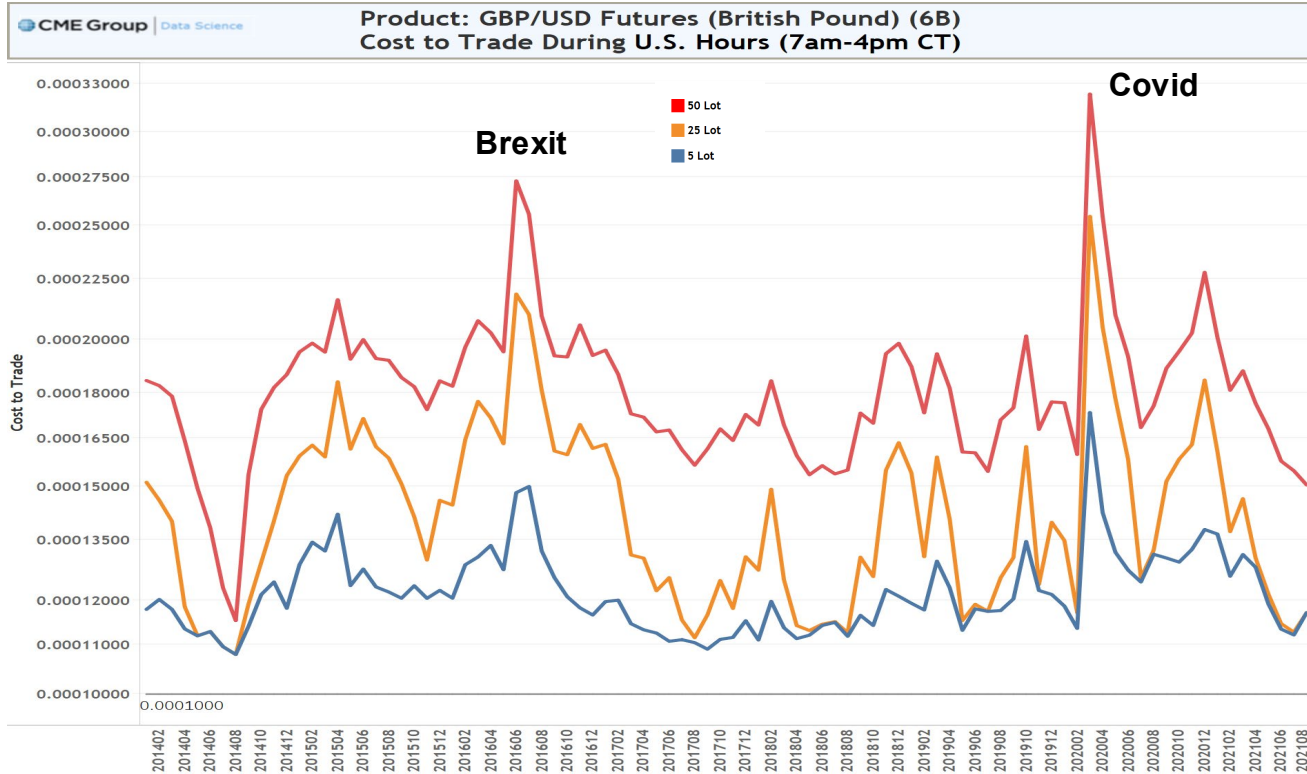
AUD/USD futures cost to trade (January 2014 – August 2021)

Source: CME Liquidity Tool (<https://www.cmegroup.com/tools-information/cme-liquidity-tool.html>)



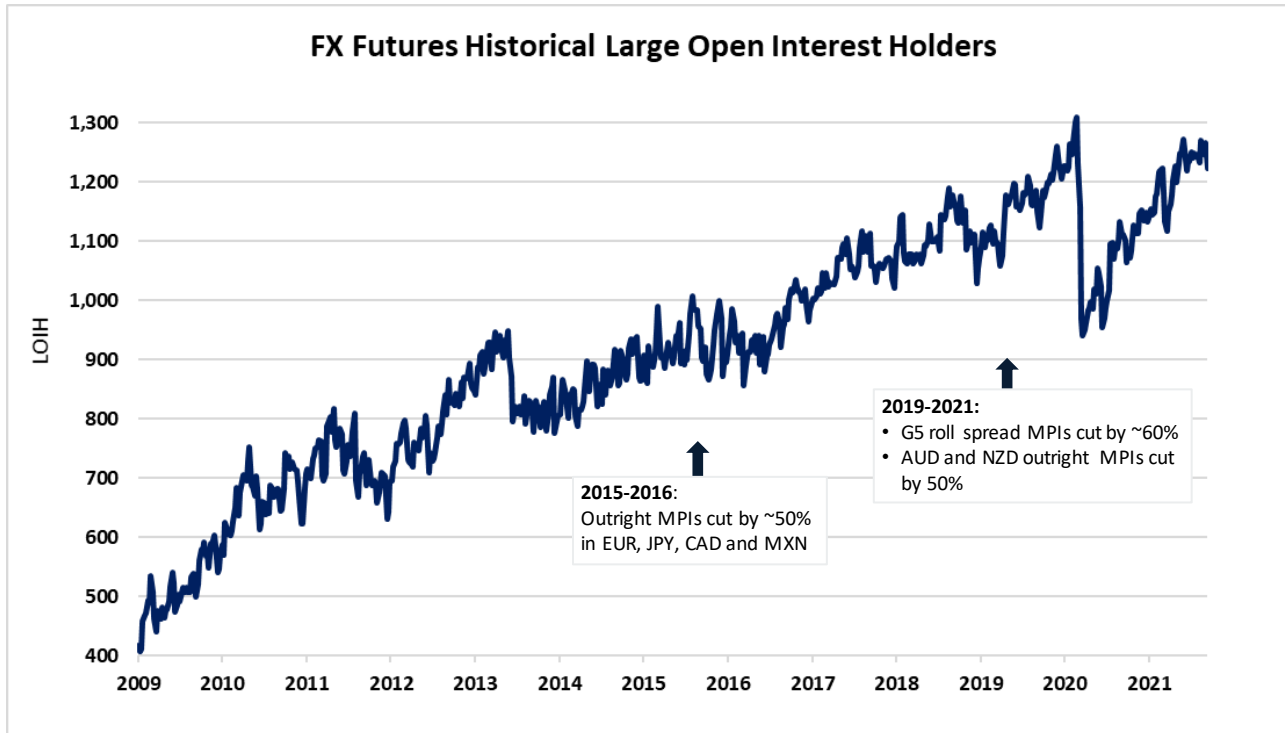
GBP/USD futures cost to trade (January 2014 – August 2021)

Source: CME Liquidity Tool (<https://www.cmegroup.com/tools-information/cme-liquidity-tool.html>)



CME FX Futures Large Open Interest Holder Growth

Minimum Price Increment (MPI) reductions have lowered execution costs and resulted in FX LOIH growth (+50% vs. 2013 avg.)



¹LOIH as of 9/14/2021. Source: CFTC, CME. The CFTC defines large open interest holders as having at least 400 open contracts in Major Foreign Currency futures.