

January 2024

FX Market Structure Monthly

CHANGES IN SPREAD AND VOLATILITY FOR MAJOR MARKET PAIRS

After widening across the board in December 2023, spreads narrowed slightly in January 2024. During the 12:00-16:00 GMT trading window, spread decreased for 5 of the 7 major pairs, including EUR.USD, USD.JPY, USD.CHF, AUD.USD, and NZD.USD.

In the pre-WMR trading window, volatility remained stable, with around half of the pairs we monitor experiencing an increase in median volatility. There was a modest uptick in volatility for two of the 23 pairs, following modest movements over the past four months. Among the 7 majors, volatility decreased for both USD.JPY and USD.CAD.

READING THE RESULTS

On the intraday charts, the green line represents the average spread or volatility for the past 12 months, the black line represents the past three months, and the blue line represents the past month. On the daily charts, the green area represents the 95th percentile confidence interval for the spread and volatility.

SPREADS

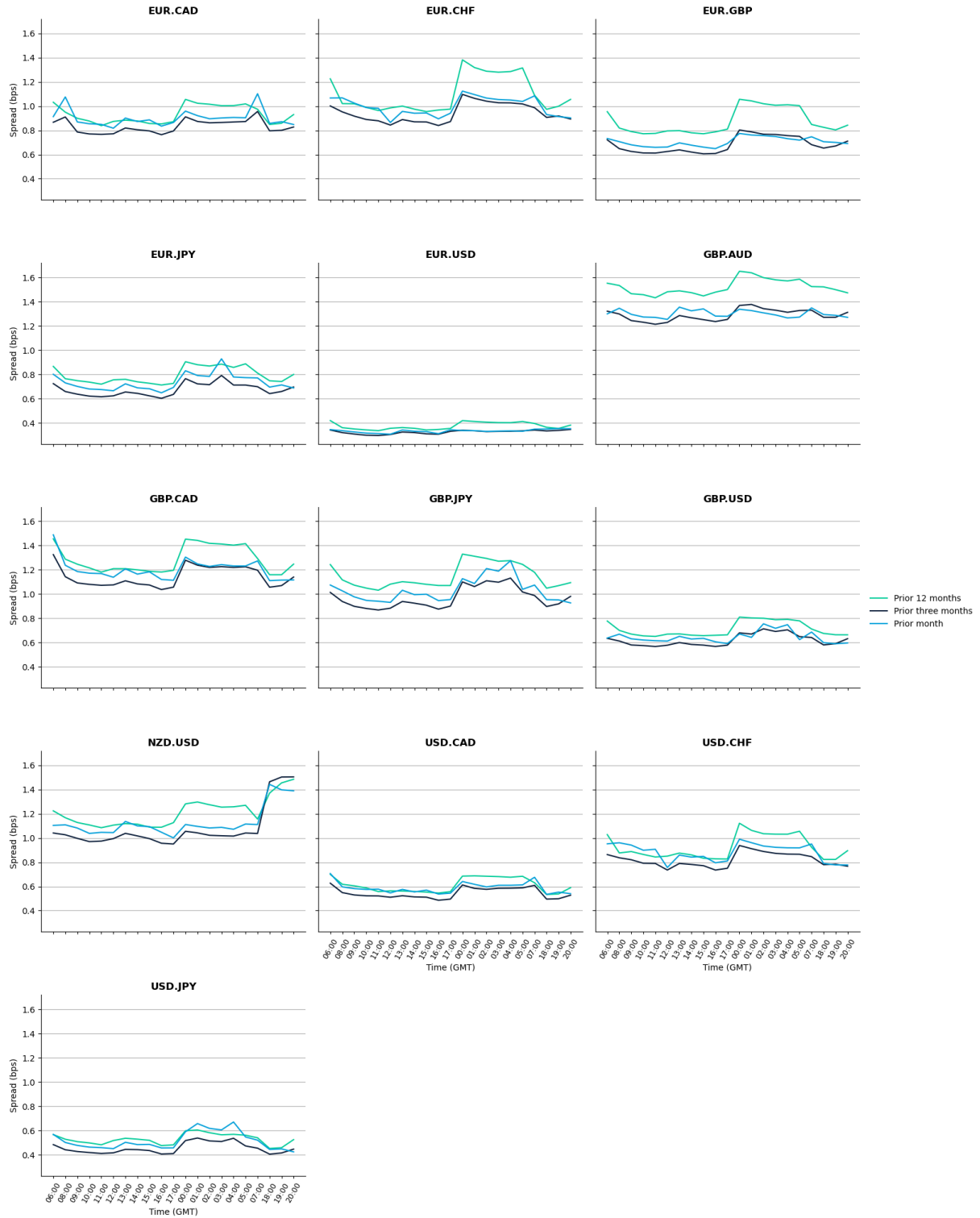
On an intra-day basis, spreads tightened across all pairs except for USD.CAD and GBP.USD, which experienced wider spreads during certain periods of London and Tokyo trading hours. In contrast, the previous month saw consistently wider spreads throughout the day for all pairs. Examining the four Scandinavian pairs, only EUR.SEK registered a decrease in spread in January, suggesting some localized changes within specific currency pairs. Despite these fluctuations, spreads remained lower globally in January compared to the previous 12 months, indicating a quiet period in FX markets during the month.

G-10 Currency Pairs: Average Hourly Spread, 00:00-20:00 GMT

Comparison over the past month, three months and year



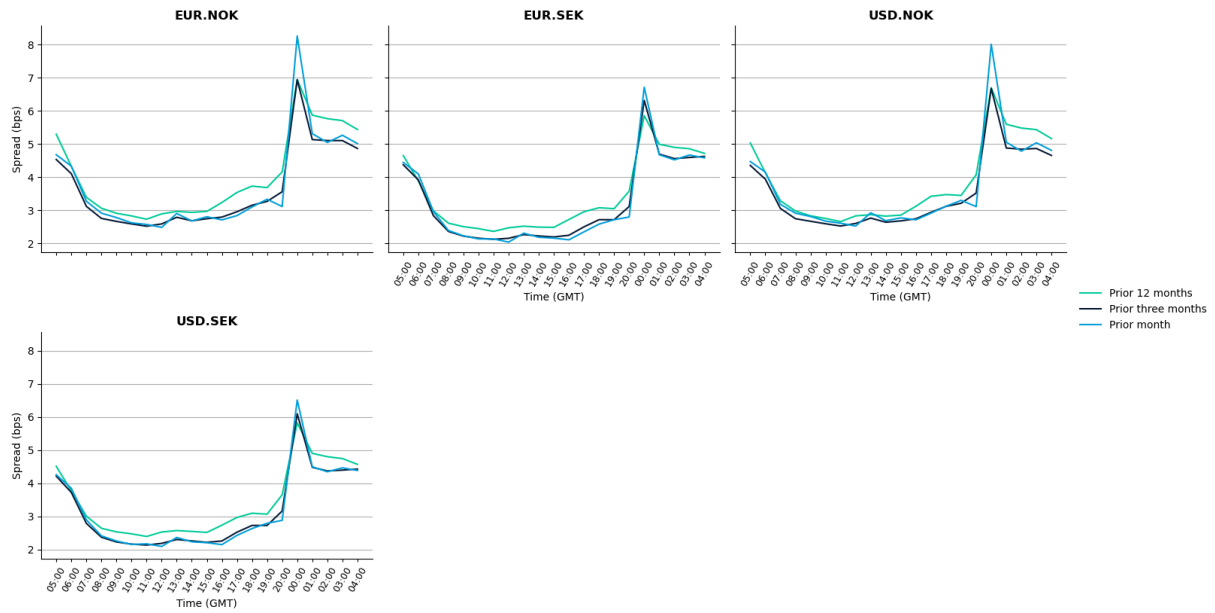
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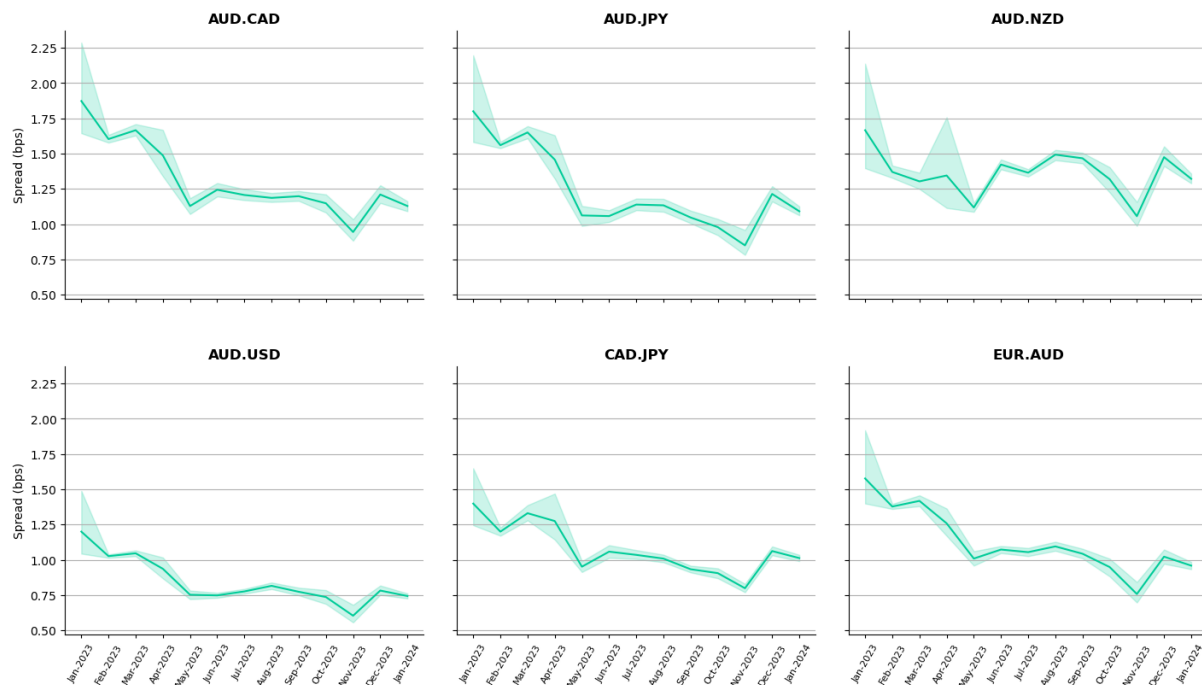
All chart sources: Virtu Financial, 2024. Spread and volatility calculations are derived from sources that Virtu believes to be reliable, but Virtu does not make any claims to its accuracy. USD.NOK, USD.SEK, EUR.NOK and EUR.SEK are shown in separate exhibits.



Scandinavian G-10 Currencies: Average Hourly Spread, 00:00-20:00 GMT Comparison over the past month, three months and year



G-10 Currencies: Average Daily Spread, 12:00-16:00 GMT January 2023 - January 2024



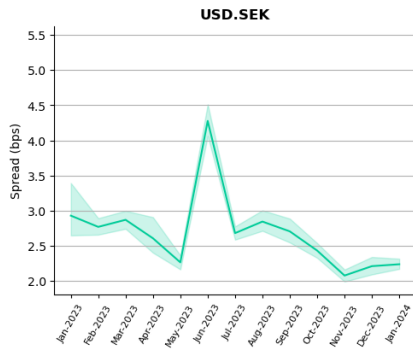
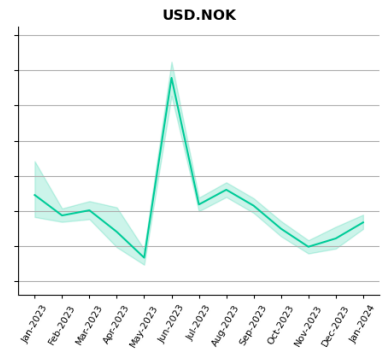
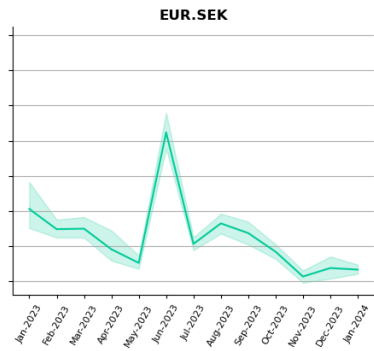
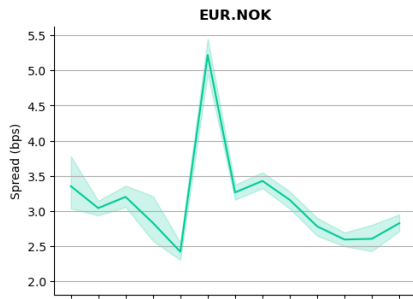


Scandinavian G-10 Currencies: Average Daily Spread, 12:00-16:00 GMT January 2023 - January 2024



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VOLATILITY

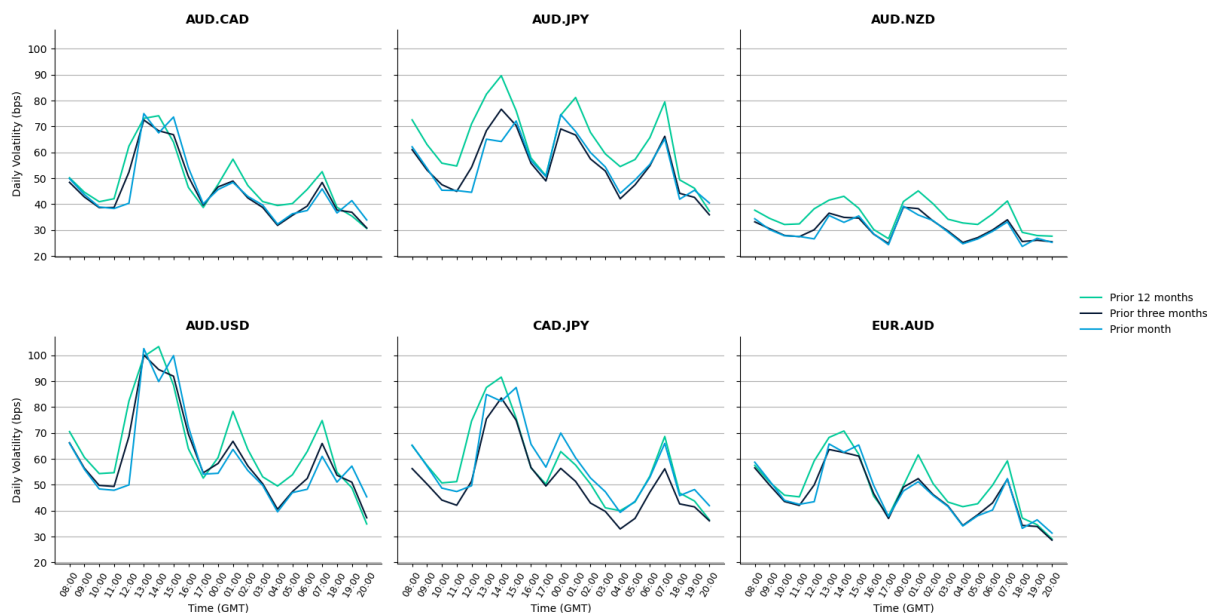
In January, FX volatility remained stable compared to the last 3 months, with 10 pairs experiencing increased FX volatility during the pre-WMR trading window. Looking back 12 months, hourly volatility was lower for 19 pairs. January's volatility was slightly lower than the previous high recorded in December.

A similar pattern emerges when examining hourly volatility. No pair has shown a consistent increase in median hourly volatility in Tokyo, London, or New York trading hours for the past three months, except for the 3 Scandinavian pairs: EUR.SEK, USD.NOK, and EUR.SEK, which have been more volatile during London and Tokyo hours.

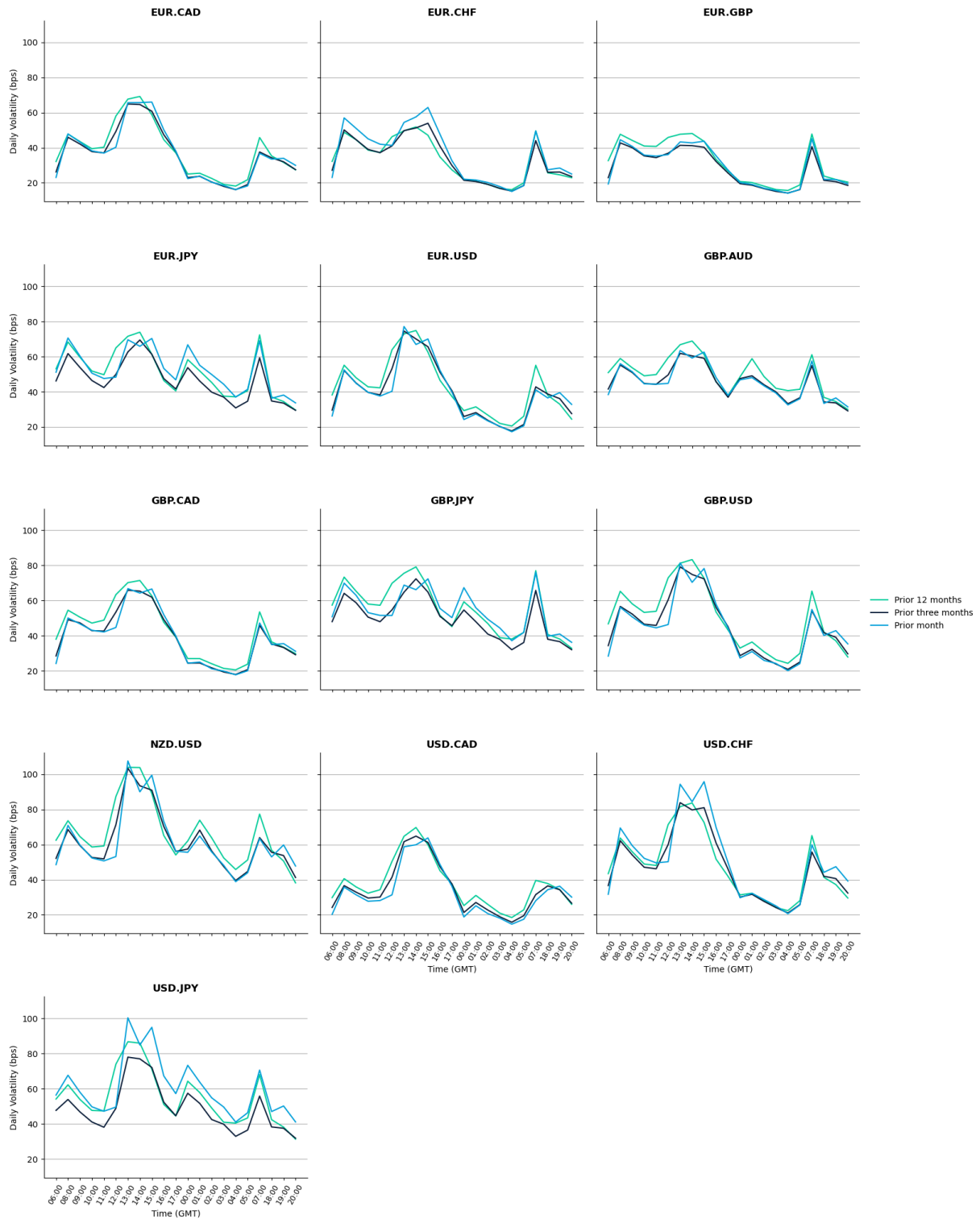
Over the past six months, intra-day volatility increased predominantly during New York trading days, with all pairs experiencing an uptick at 16:00 GMT.

G-10 Currencies: Average Hourly Volatility, 00:00-20:00 GMT

Comparison over the past month, three months and year

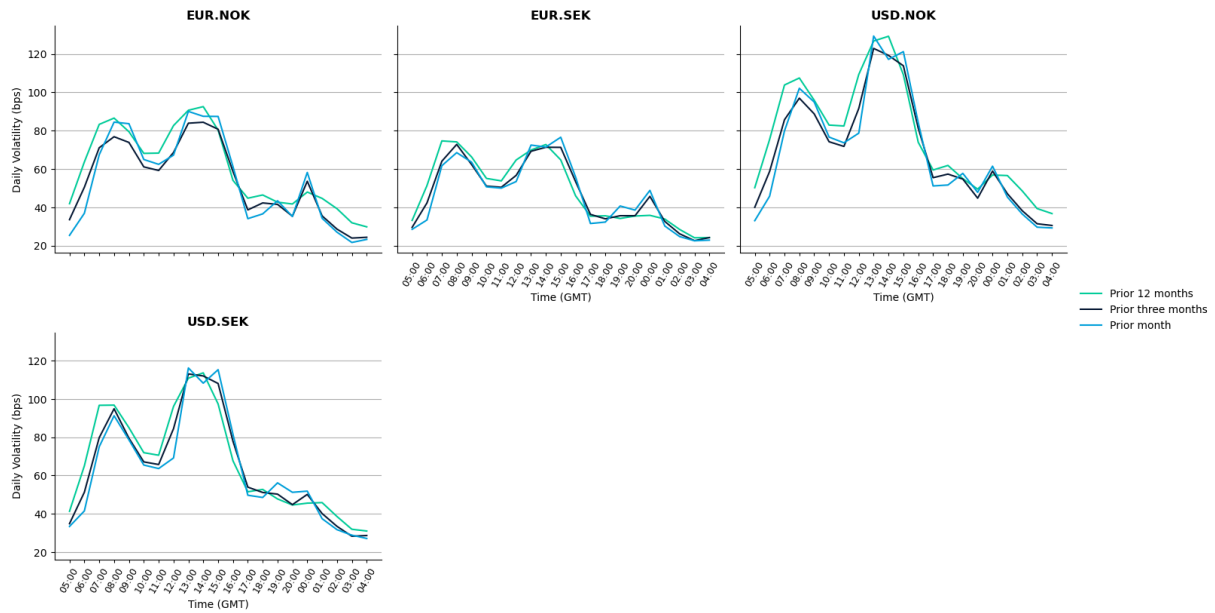


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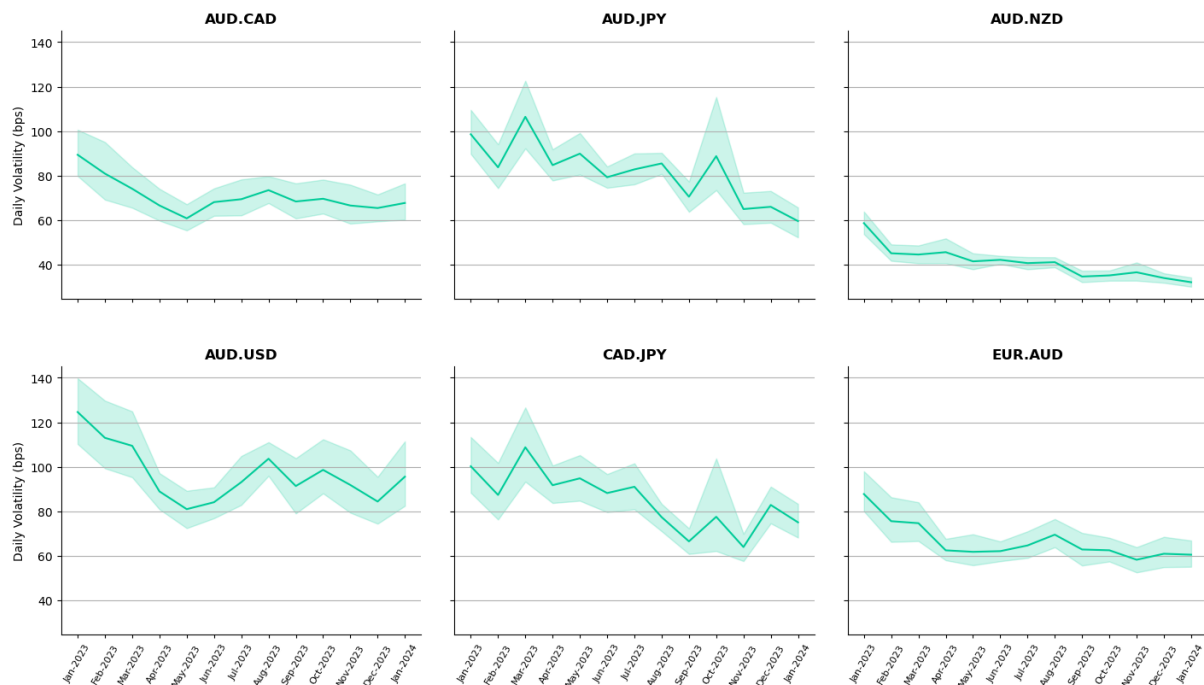




Scandinavian G-10 Currencies: Average Hourly Volatility, 00:00-20:00 GMT Comparison over the past month, three months and year



G-10 Currencies: Average Daily Volatility, 12:00-16:00 GMT January 2023 - January 2024

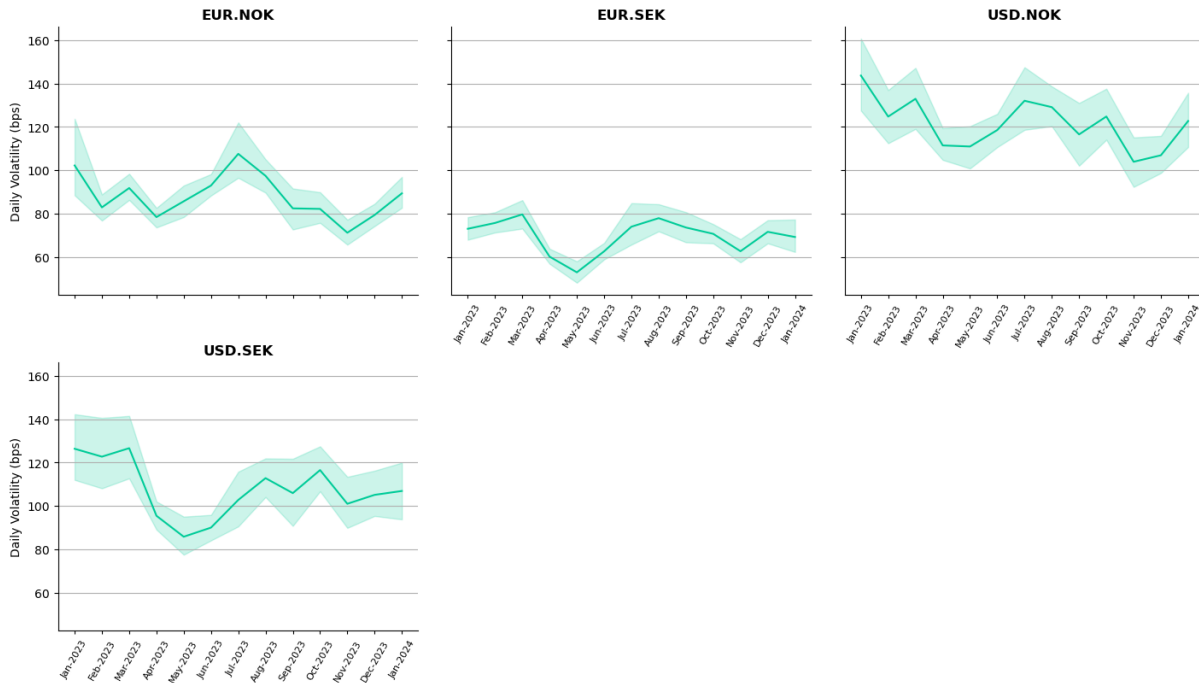




Scandinavian G-10 Currencies: Average Daily Volatility, 12:00-16:00 GMT January 2023 - January 2024



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Have questions? To learn more, contact your regional Virtu Analytics representative.

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