

May 2024

FX Market Structure Monthly

CHANGES IN SPREAD AND VOLATILITY FOR MAJOR MARKET PAIRS

FX volatility decreased in May following heightened numbers in April. While volatility tends to be higher around major economic releases, such as the Bank of Japan’s interest rate change in March, May has been quieter, resulting in lower trading volumes and reduced volatility. FX spreads for all 23 pairs we observe have also widened in comparison to April, further indicating lower trading activity in the FX space.

READING THE RESULTS

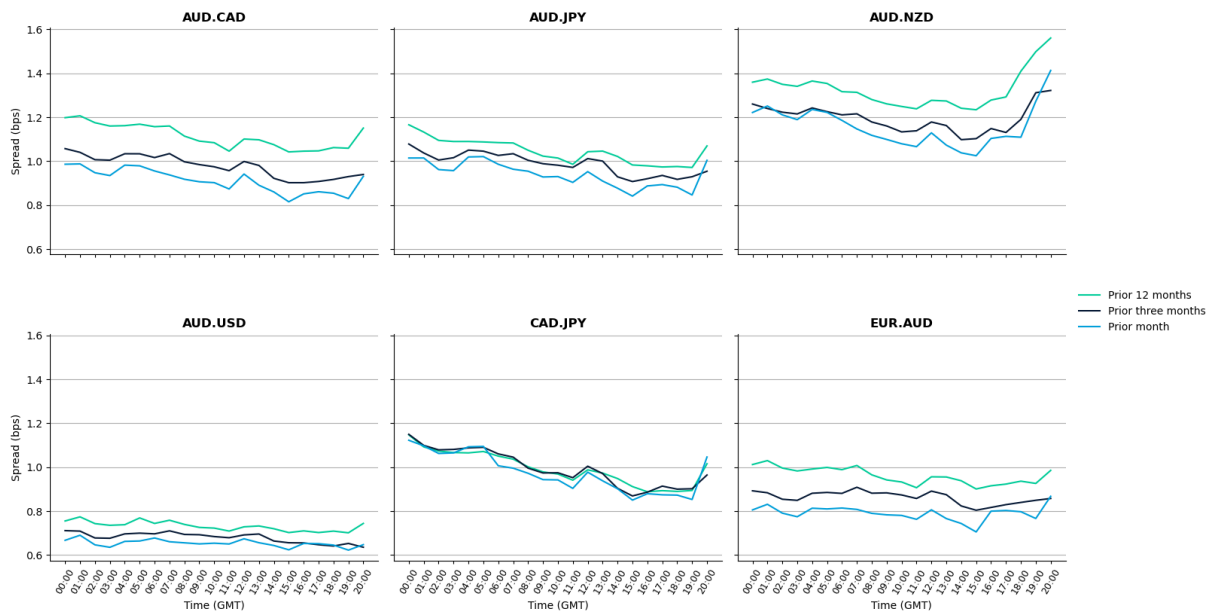
On the intraday charts, the green line represents the average spread or volatility for the past 12 months, the black line represents the past three months, and the blue line represents the past month. On the daily charts, the green area represents the 95th percentile confidence interval for the spread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

SPREADS

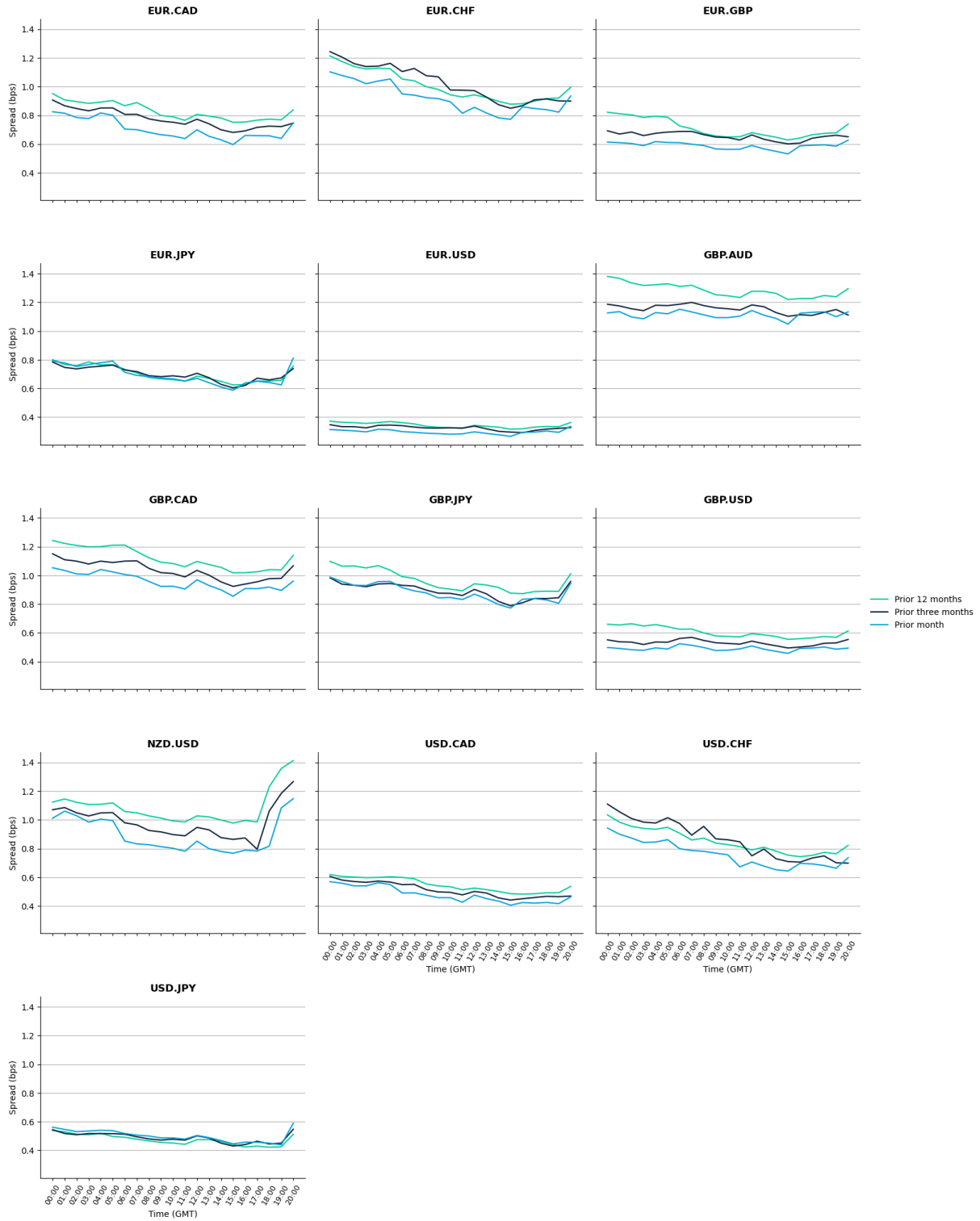
In May, spreads for all Scandinavian and cross pairs widened compared to the previous month. Following the Bank of Sweden’s interest rate cuts from 4% to 3.75% on May 8, spreads for Scandinavian pairs widened all throughout APAC, EMEA and US trading hours. Meanwhile, French political uncertainty contributes to the weakening of the Euro, resulting in wider spreads for cross pairs and EUR.USD.

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

Comparison over the past month, three months and year

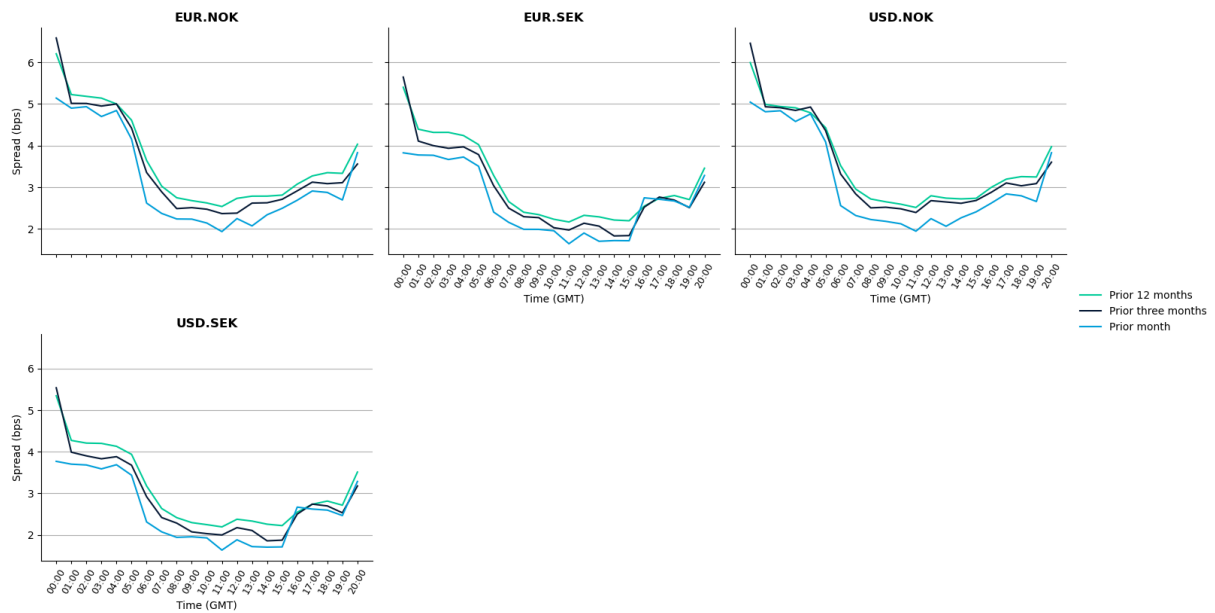


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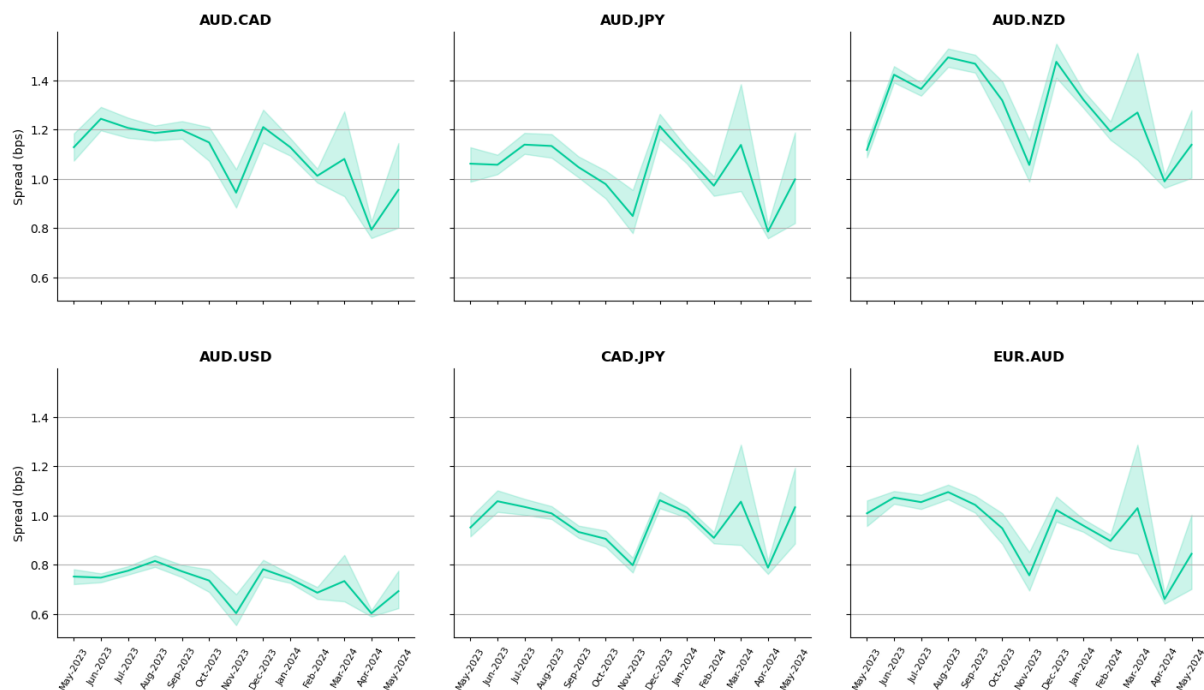




Scandinavian G-10 Currencies: Average Hourly Spread, 00:00-20:00 GMT Comparison over the past month, three months and year



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





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



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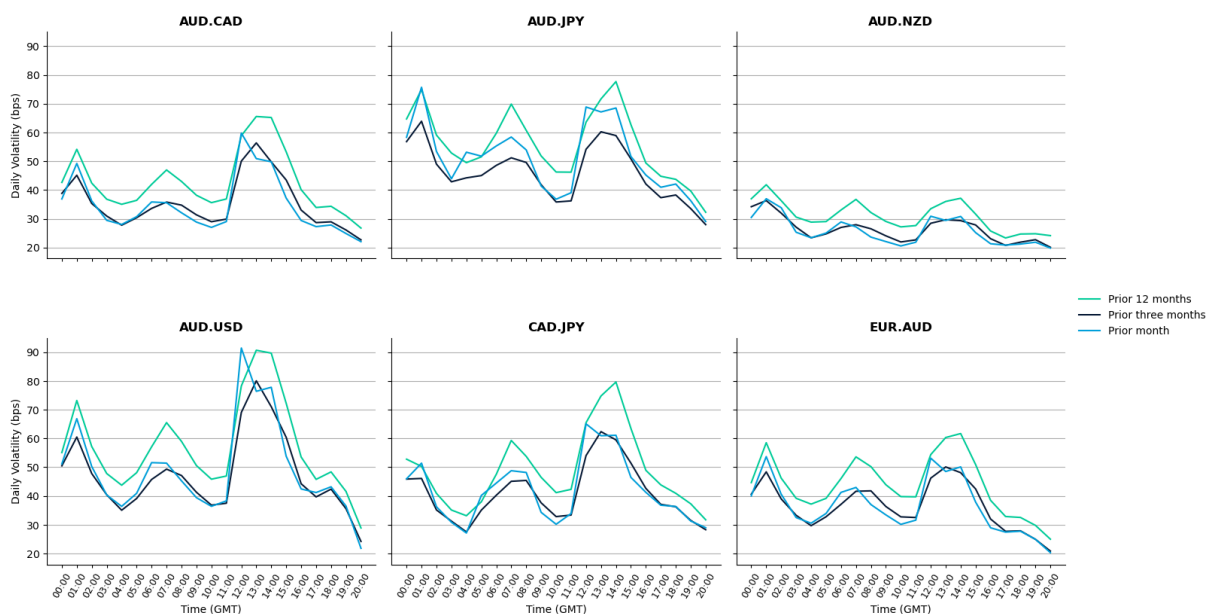


VOLATILITY

In general, market volatility, including FX volatility, was low in May as indicated by the VIX. All 23 currency pairs that we observed had lower volatility in May compared to April. This trend was most apparent during US trading hours. All observed currency pairs, except USD.JPY, EUR.NOK, EUR.SEK and USD.NOK, experienced lower volatility during US trading hours compared to April.

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

Comparison over the past month, three months and year



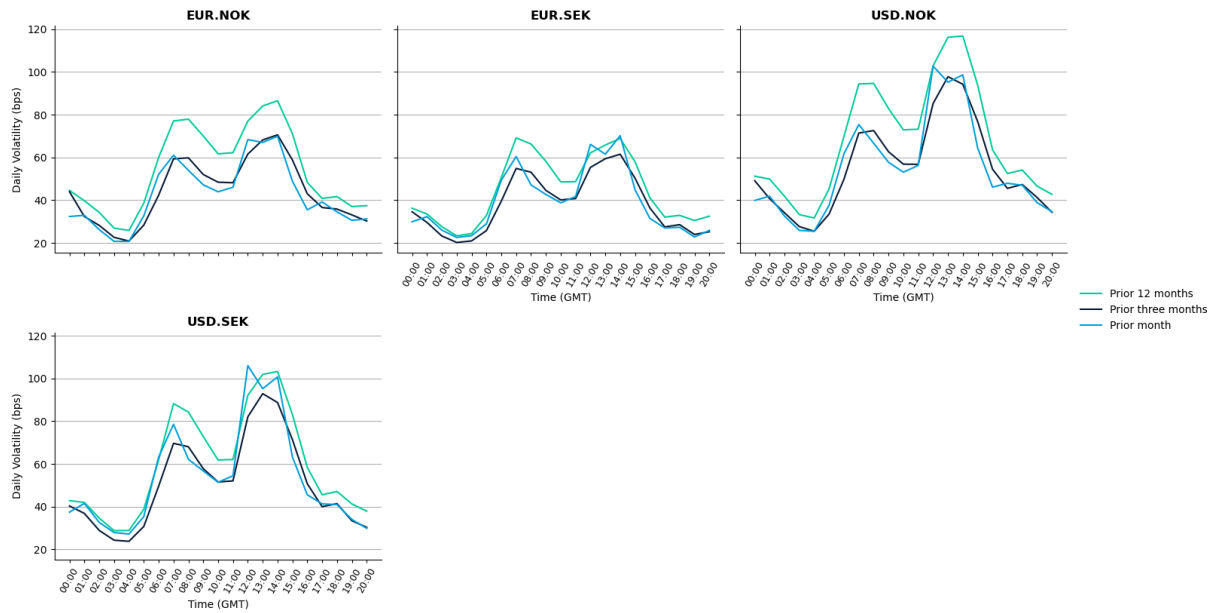
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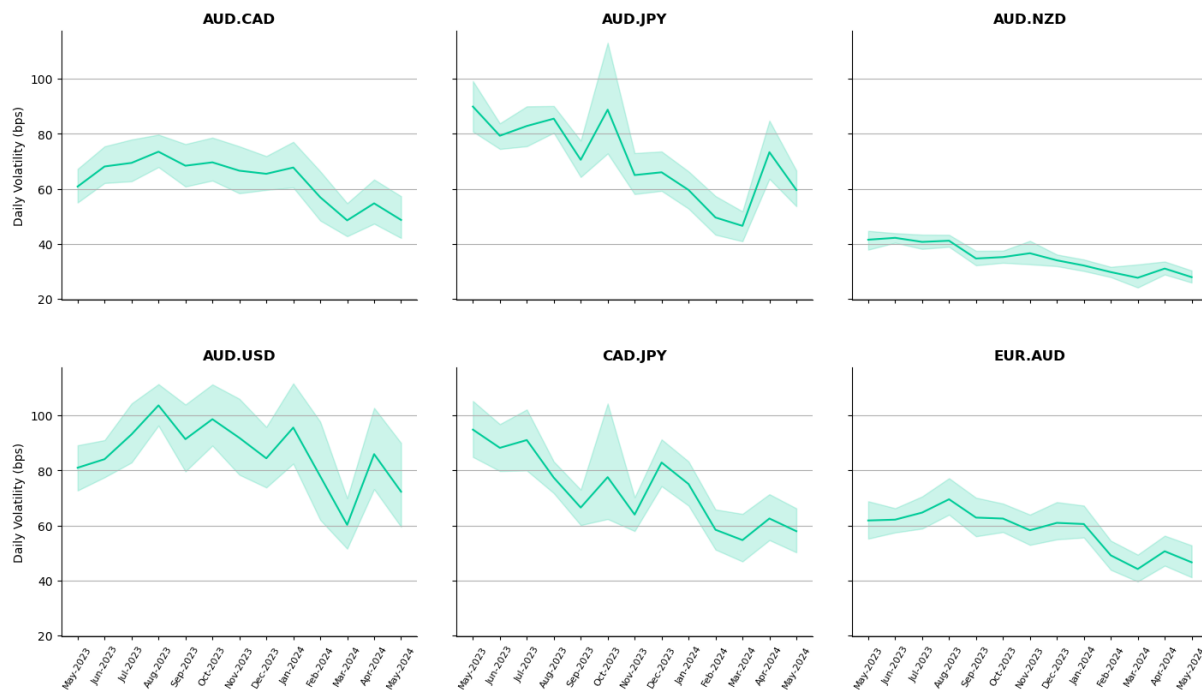
All chart sources: Virtu Financial, 2024. Spread and volatility calculations are derived from sources that Virtu believes to be reliable, but Virtu does not make any claims to its accuracy. USD.NOK, USD.SEK, EUR.NOK and EUR.SEK are shown in separate exhibits.



Scandinavian G-10 Currencies: Average Hourly 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 May 2023 - May 2024

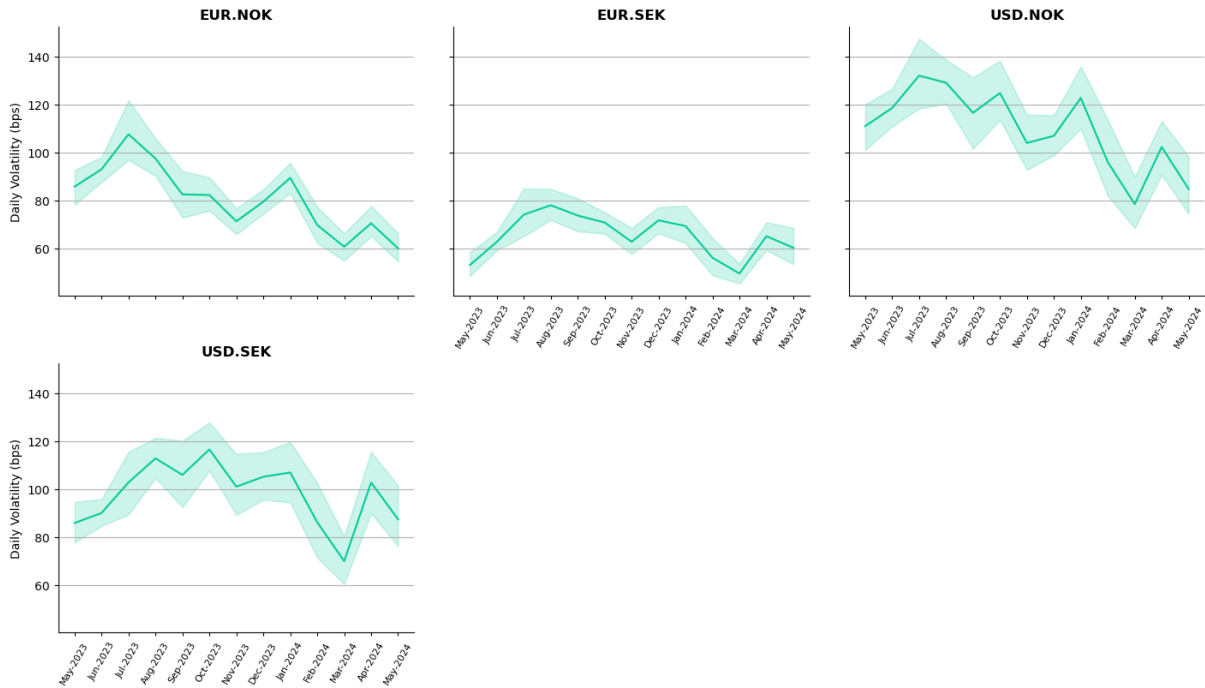




Scandinavian G-10 Currencies: Average Daily Volatility, 12:00-16:00 GMT May 2023 - May 2024



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