

August 2025

FX Market Structure Monthly

CHANGES IN SPREAD AND VOLATILITY FOR MAJOR MARKET PAIRS

August was a quiet month for FX markets, with both spreads and volatility remaining stable and showing no notable shifts. With little change in the broader landscape, this month's report focuses on the period leading up to the WMR trading fix at 16:00 GMT, examining how spreads and volatility levels behave during this period of concentrated market activity.

READING THE RESULTS

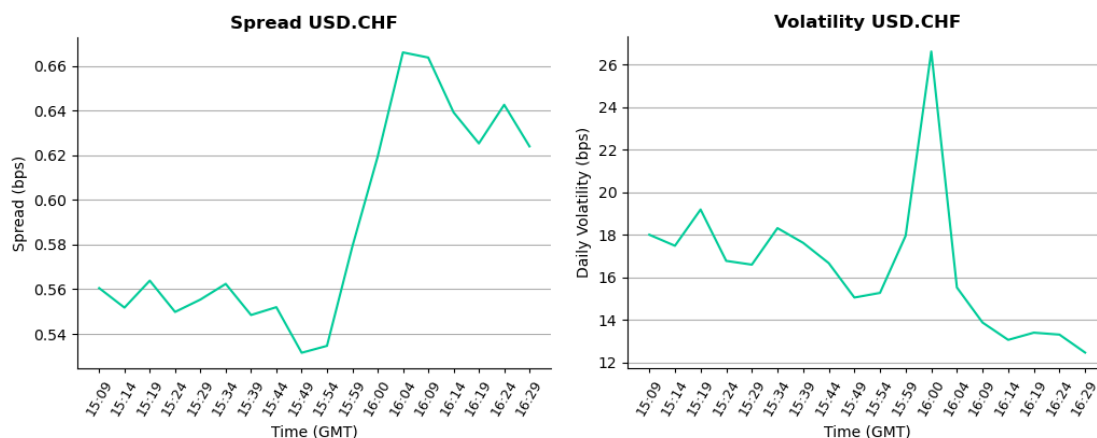
On the intraday charts, the green line represents the average spread or volatility for the past 12 months, the black line represents the past three months, and the blue line represents the past month. On the daily charts, the green area represents the 95th percentile confidence interval for the spread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

ANALYSIS

Market research shows that dealers often begin actively trading large open positions ahead of the WMR trading fix at 16:00 GMT, in response to anticipated client flows, driving a sharp increase in spreads and volatility levels. Following the fix, both spread and volatility levels typically fall quickly as liquidity conditions normalize.¹

Our analysis of USD.CHF spread and volatility levels in the lead-up to the WMR trading fix supports this pattern. The charts below show a sharp rise starting at 15:54, peaking at 16:00 GMT. Immediately after the fix, volatility drops more noticeably than spreads, though both remain elevated just before the fix. Interestingly, we also observe a subtle dip just before 15:54, suggesting a brief lead-up phase prior to the final surge.

Examining the Average Hourly Volatility charts, this pattern appears more pronounced in historical data from 12 months ago, likely due to higher overall volatility at that time. While hourly charts provide less clarity for spreads, our detailed analysis confirms that the pre-fix surge is a consistent feature for both spread and volatility. These findings align with broader market research, reinforcing that spreads and volatility tend to follow predictable patterns around the WMR fix.

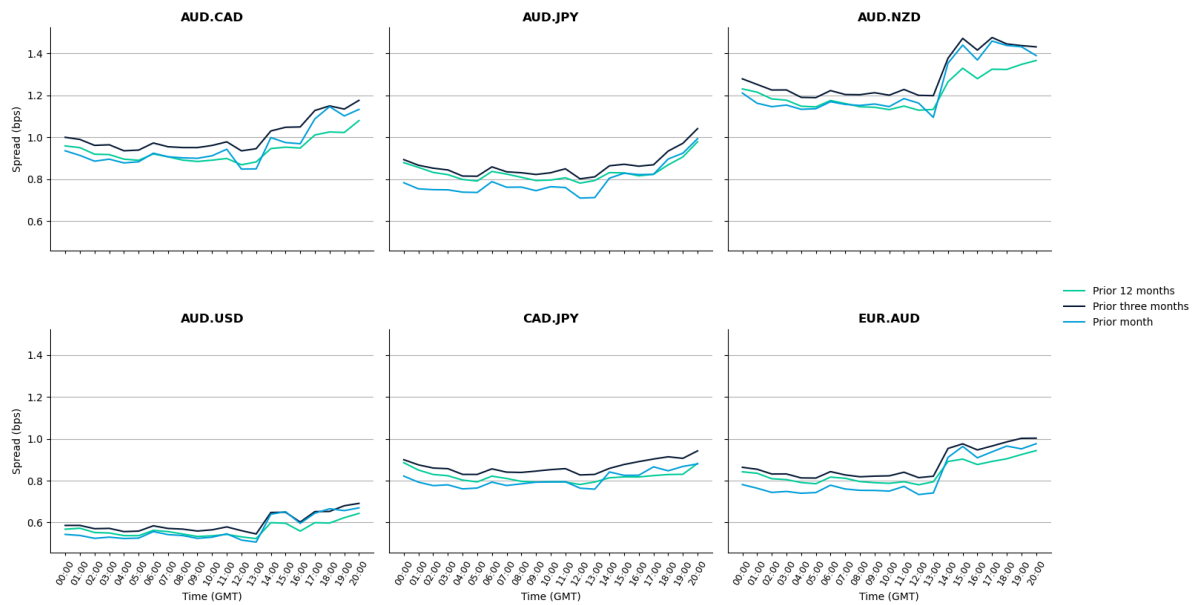


¹ Based on findings from *Information Leakage and Opportunistic Trading Around the FX Fix* by Johannes Muhle-Karbe, Roel Oomen, and Mateo Rodriguez Polo (2025), Imperial College London.

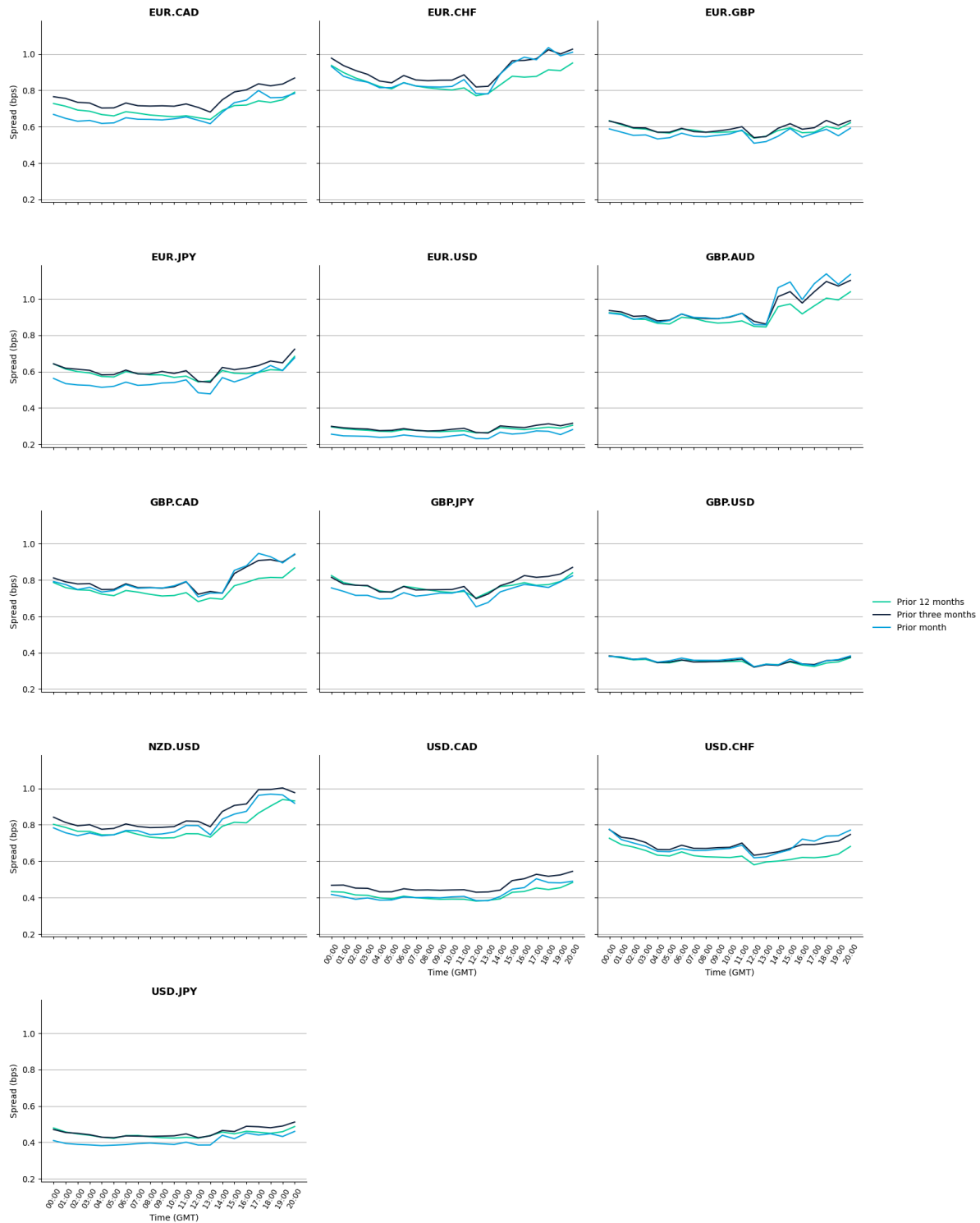


SPREAD

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



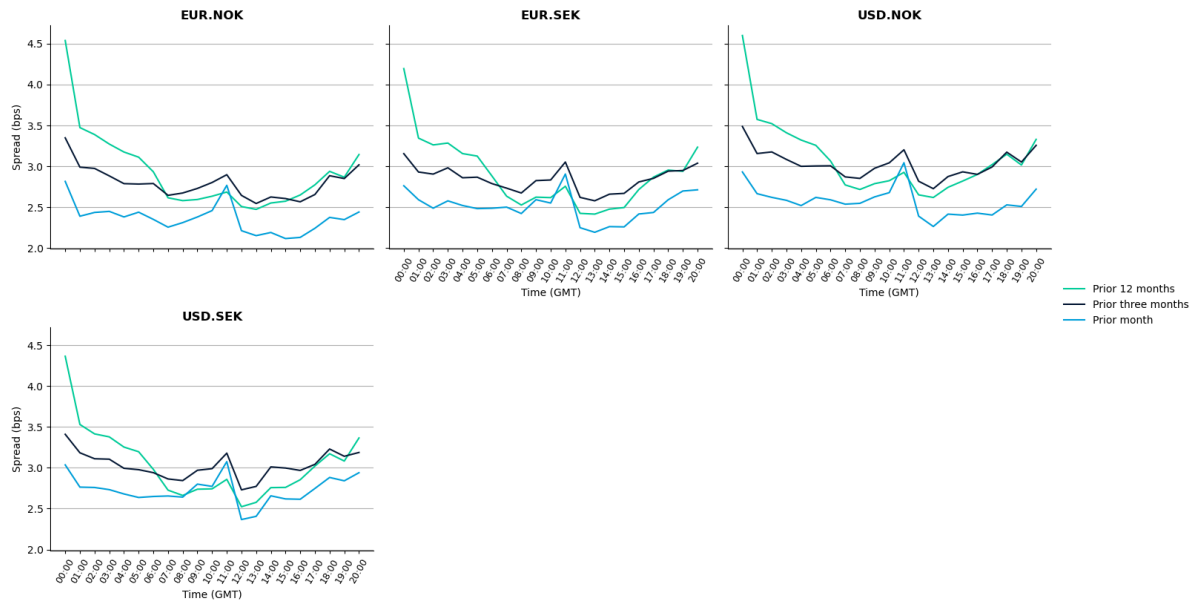
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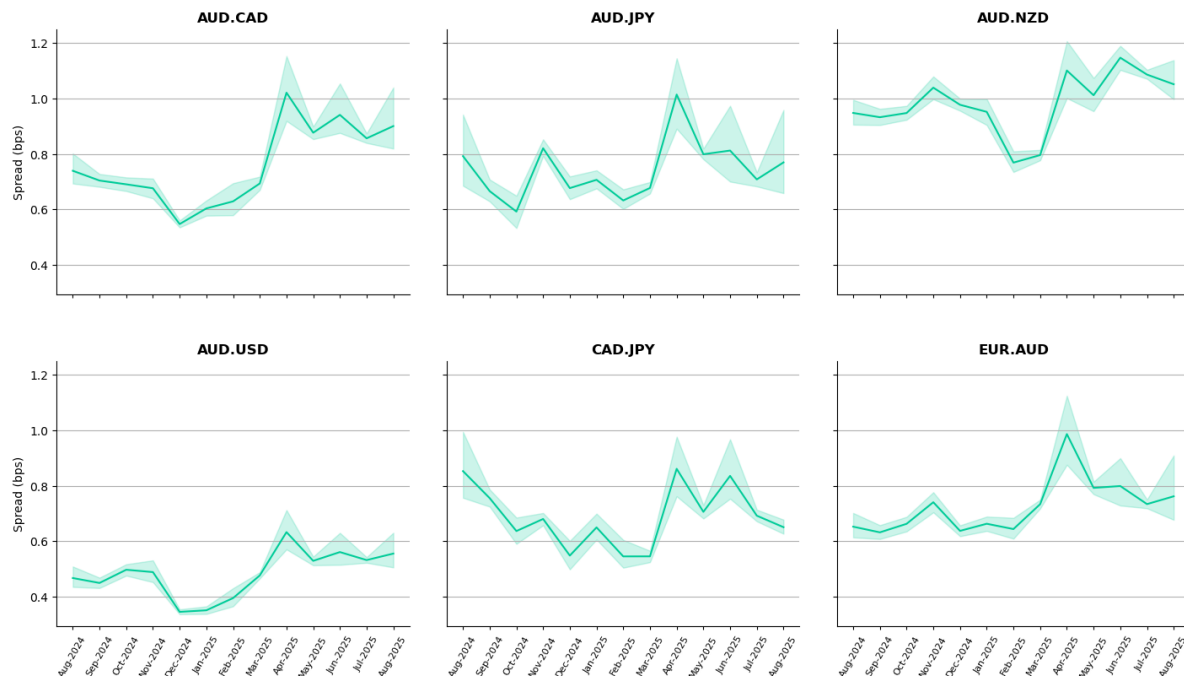
Scandinavian G-10 Currencies: Average Hourly Spread, 00:00-20:00 GMT

Comparison over the past month, three months, and year



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

August 2024 – August 2025

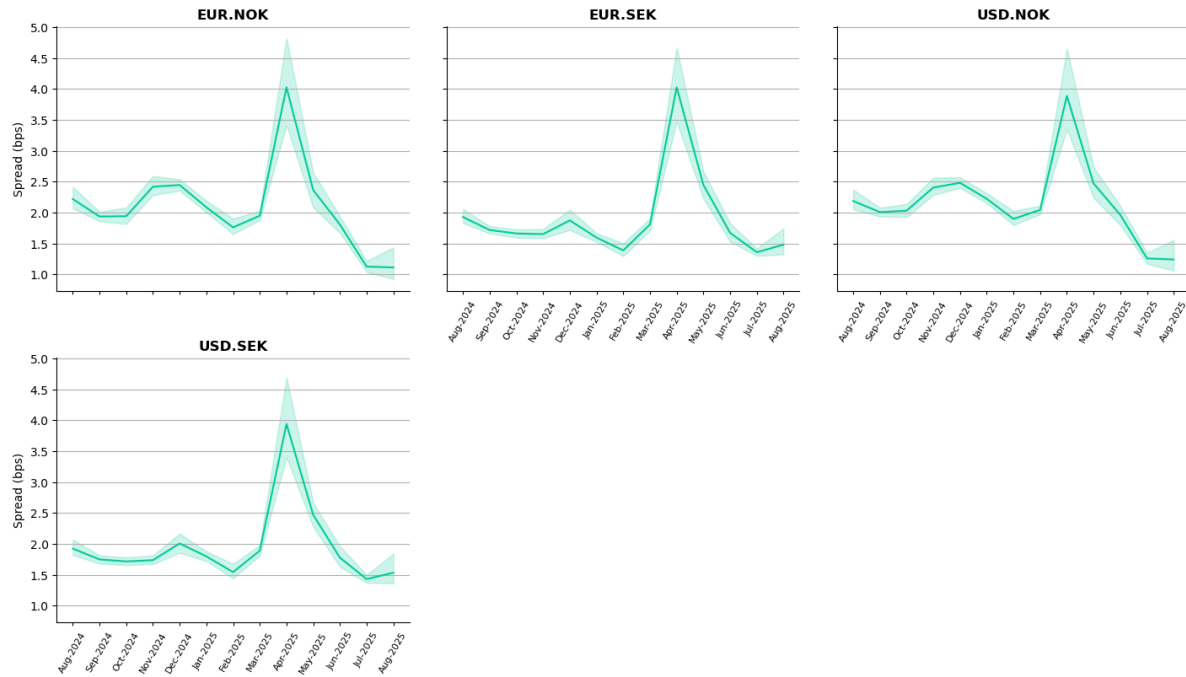




Scandinavian G-10 Currencies: Average Daily Spread, 12:00-16:00 GMT August 2024 – August 2025

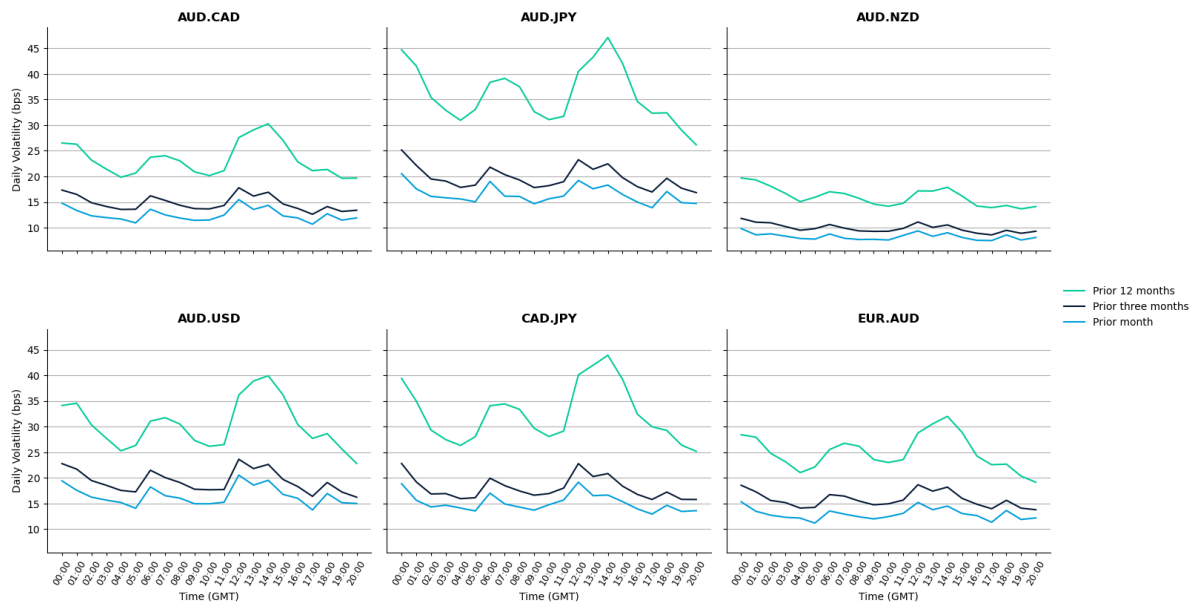


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VOLATILITY

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



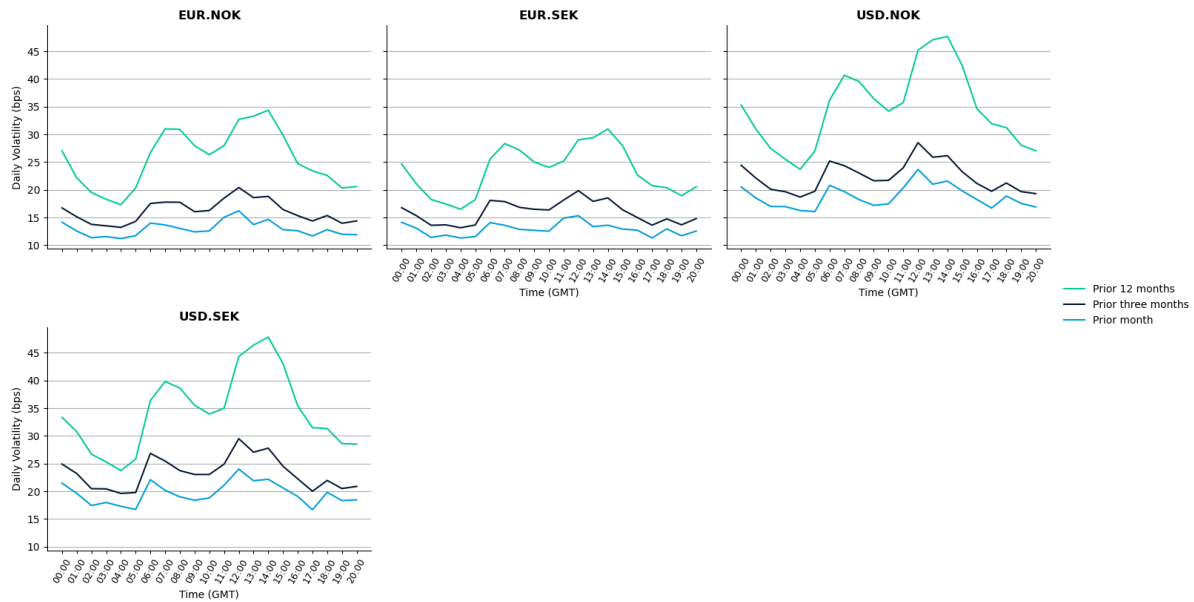
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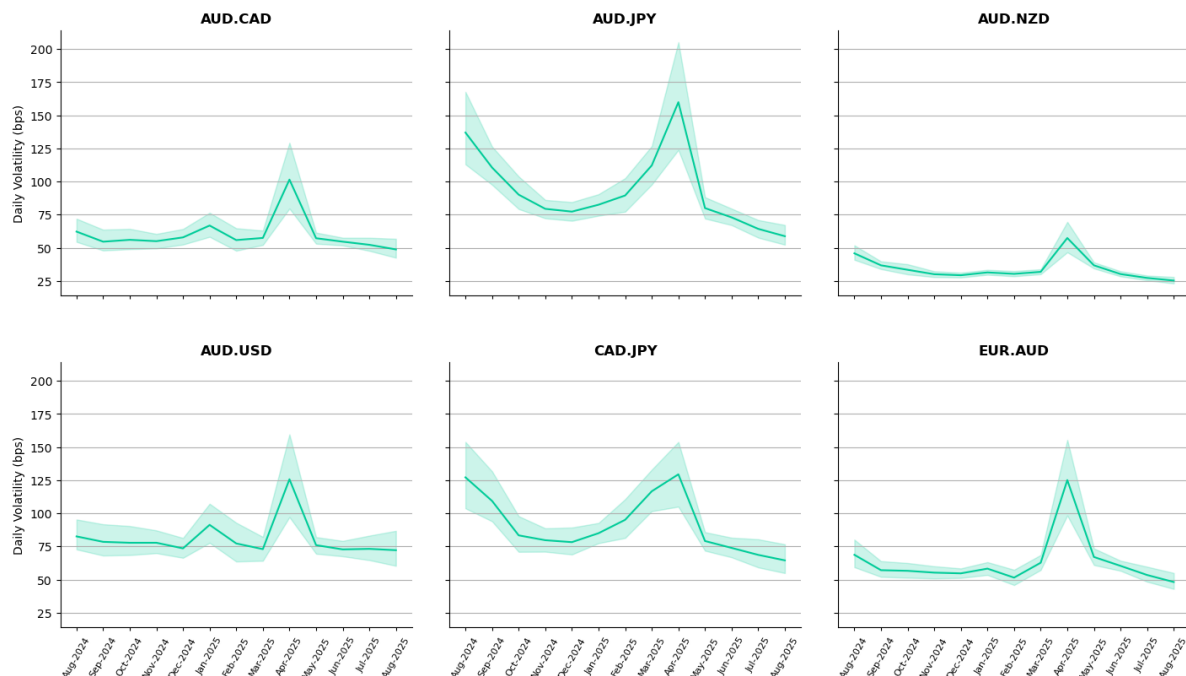
Scandinavian G-10 Currencies: Average Hourly Volatility, 00:00-20:00 GMT

Comparison over the past month, three months and year



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

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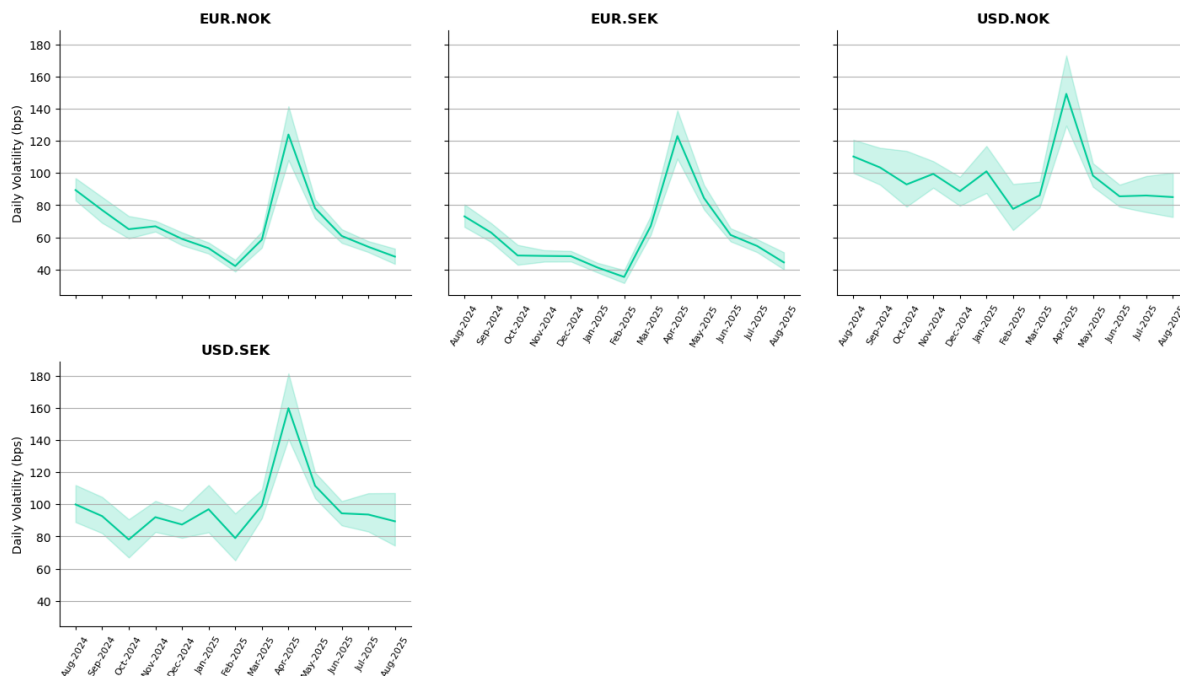




Scandinavian G-10 Currencies: Average Daily Volatility, 12:00-16:00 GMT August 2024 – August 2025



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AMERICAS +1.866.265.4519 | **APAC** +852.3405.3755 | **EMEA** +44.20.7670.4000
analytics@virtu.com | www.virtu.com

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All chart sources: Virtu Financial, 2025. 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.