

September 2025

# FX Market Structure Monthly

## CHANGES IN SPREAD AND VOLATILITY FOR MAJOR MARKET PAIRS

Following a quieter summer, FX market activity picked up in September. While spreads rose for ten of the 23 of the G-10 FX currency pairs we monitor, the shift was more pronounced for volatility, which increased across all pairs. This report explores one potential driver behind the observed rise in volatility: the U.S. Federal Reserve's adjustment to the federal funds rate target on September 17, while acknowledging that other factors also have contributed to the observed spread and volatility patterns.

### READING THE RESULTS

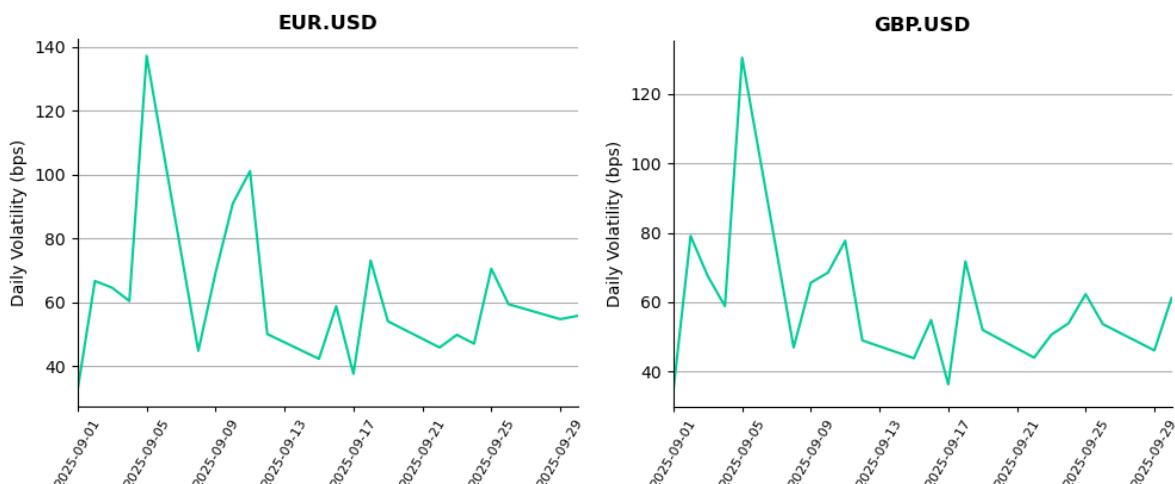
On the intraday charts below, the green line represents the average spread or volatility for the past 12 months, the black line represents the past three months, and the blue line represents the past month. On the daily charts, the green area represents the 95th percentile confidence interval for the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

### ANALYSIS

On September 17, the U.S. Federal Reserve lowered its target for the federal funds rate. Such a move typically influences FX markets by increasing volatility, as participants reassess and adjust positions in response to the expected impact on returns. The rate cut may also have contributed to higher spread levels.

The charts below show the average daily volatility levels in September for EUR.USD and GBP.USD currency pairs during the pre-WMR trading window (12:00–16:00 GMT). Both display consistent patterns, including a noticeable rise in volatility on the day of the Fed announcement. However, they also show sharp increases at the start of the month, suggesting other factors were also contributors.

Further examination of the average daily volatility charts for all currency pairs reveals that volatility rose sharply across the board, not just for USD pairs. Therefore, while the Fed's rate adjustment contributed to rising volatility levels, broader market dynamics and global factors also appear to have played a significant factor in driving the observed rise in both volatility and spread levels during September.

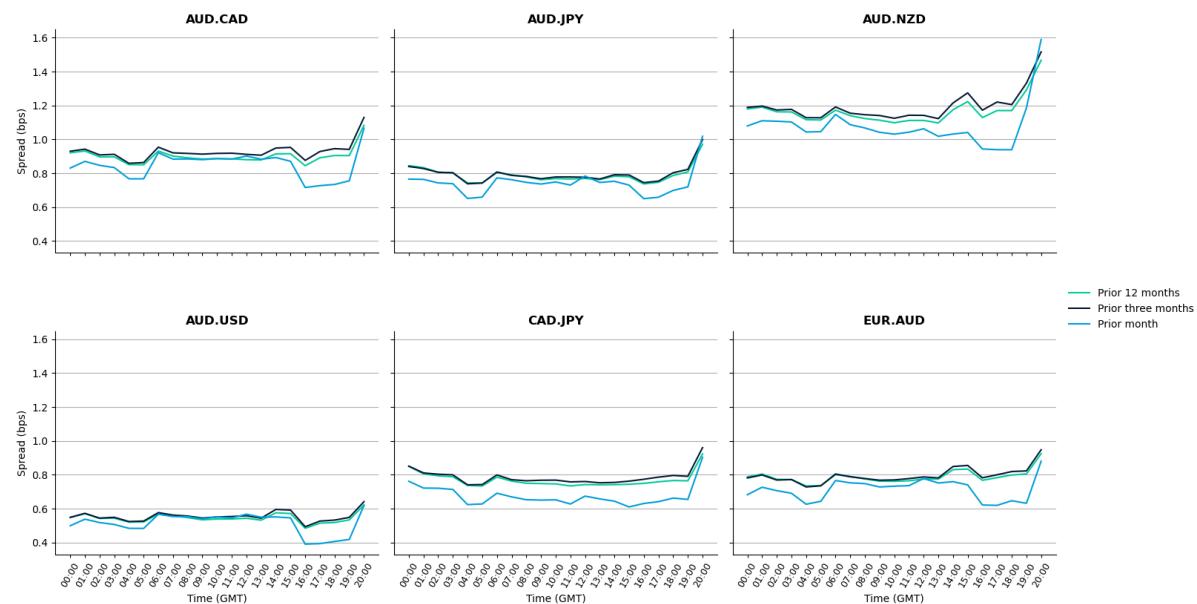




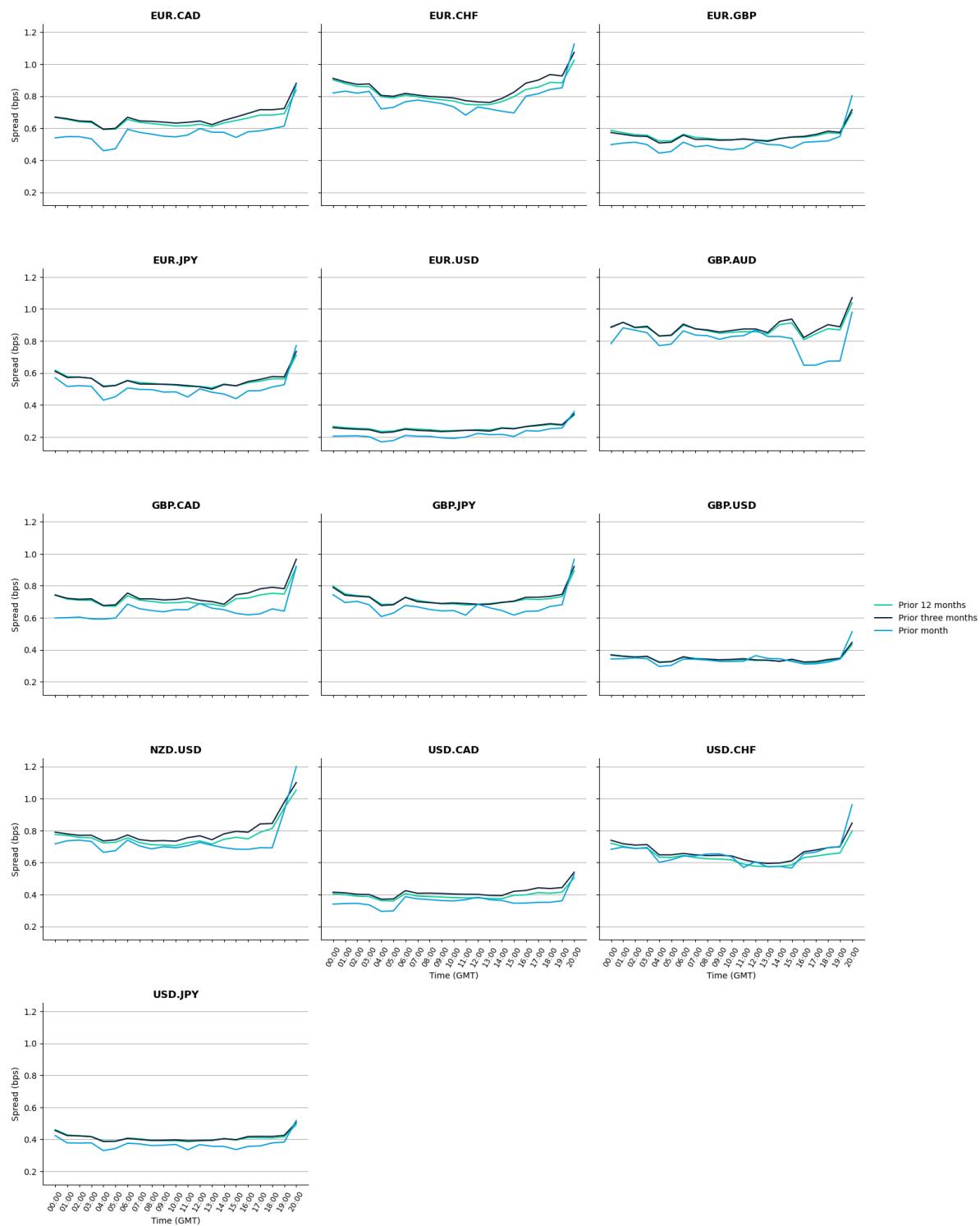
## SPREAD

### 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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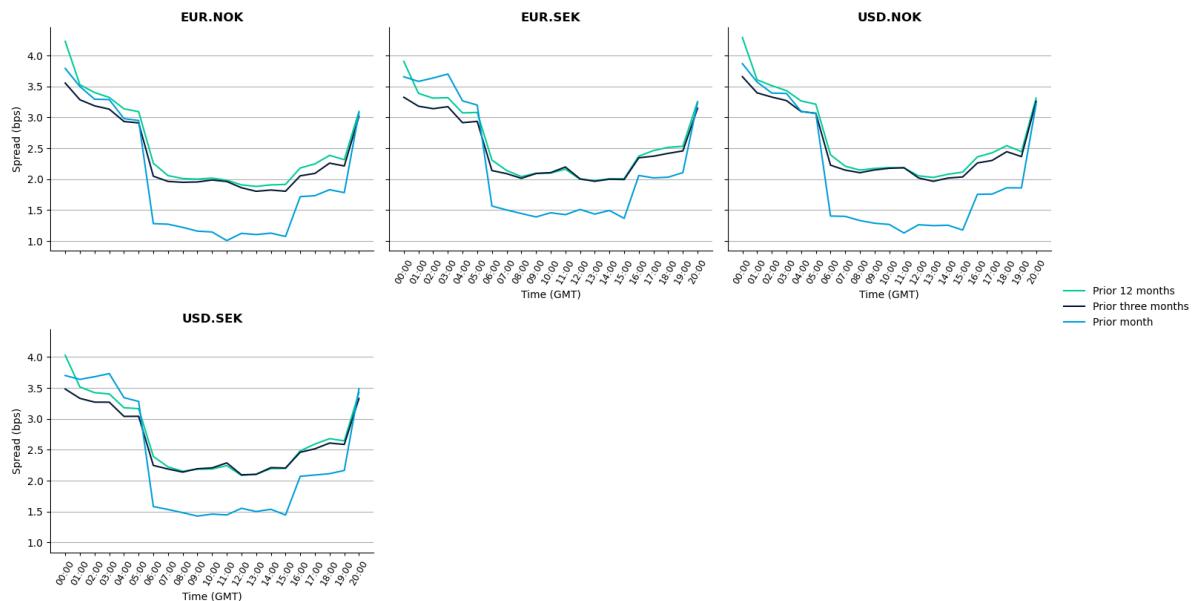


All chart sources: Virtu Financial, 2025. Spread and volatility calculations are derived from sources that Virtu believes to be reliable, but Virtu does not make any claims to its accuracy. USD.NOK, USD.SEK, EUR.NOK and EUR.SEK are shown in separate exhibits.



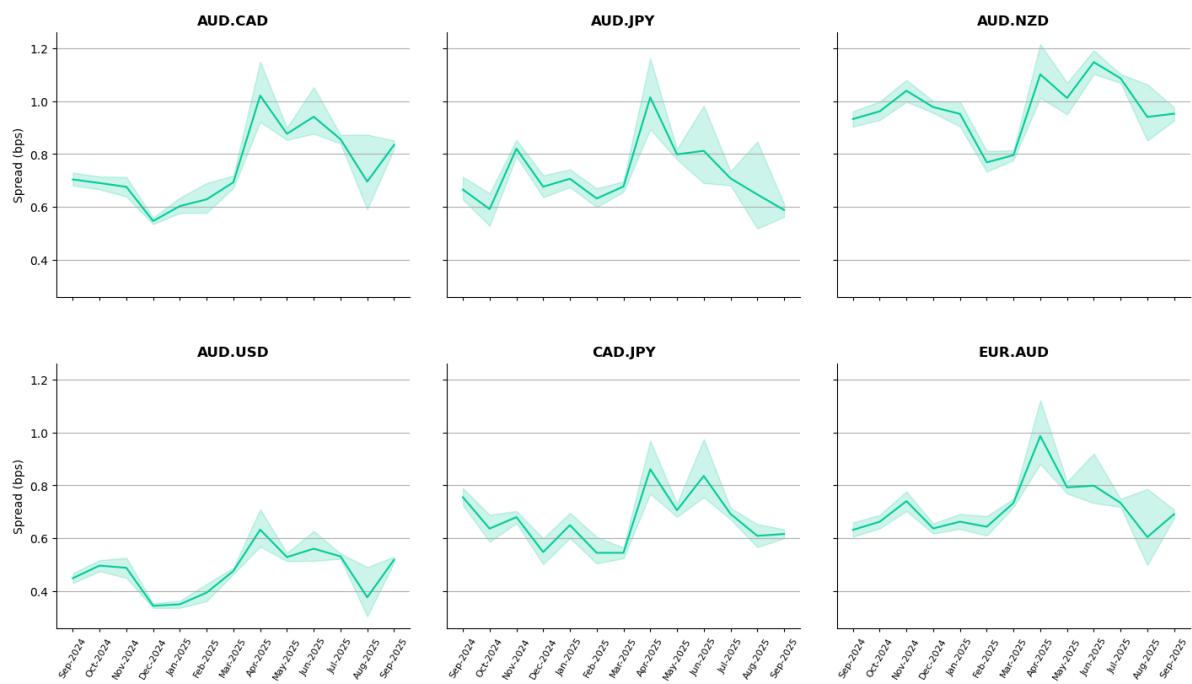
## Scandinavian G-10 Currencies: Average Hourly Spread, 00:00-20:00 GMT

Comparison over the past month, three months, and year



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

September 2024 – September 2025



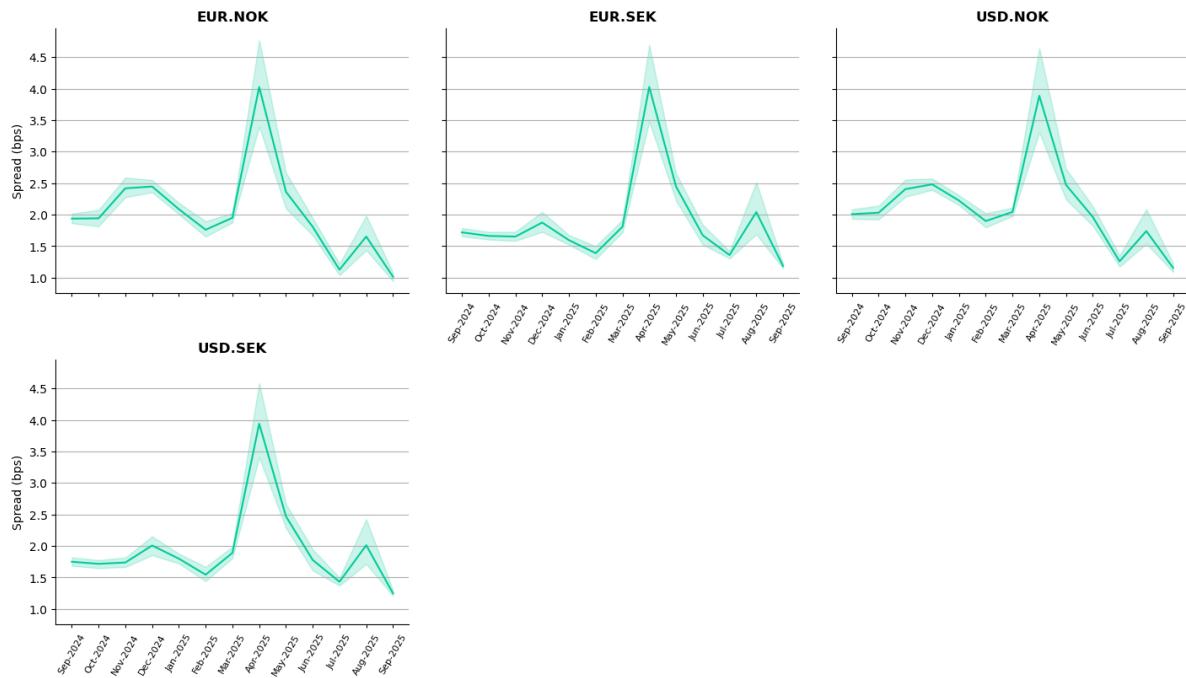


## Scandinavian G-10 Currencies: Average Daily Spread, 12:00-16:00 GMT

September 2024 – September 2025



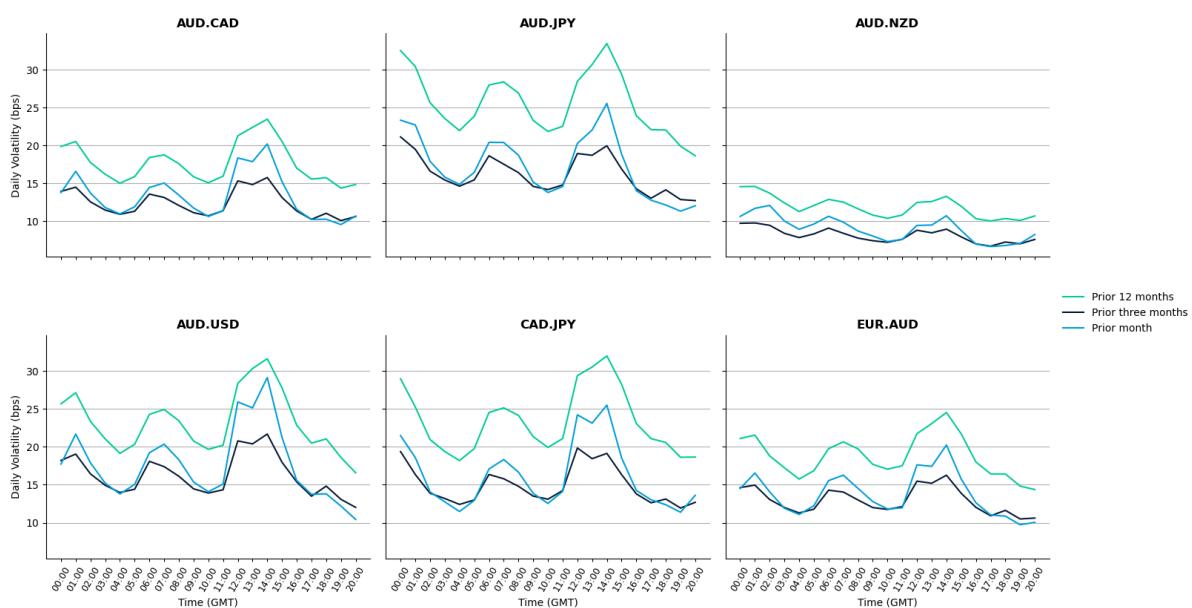
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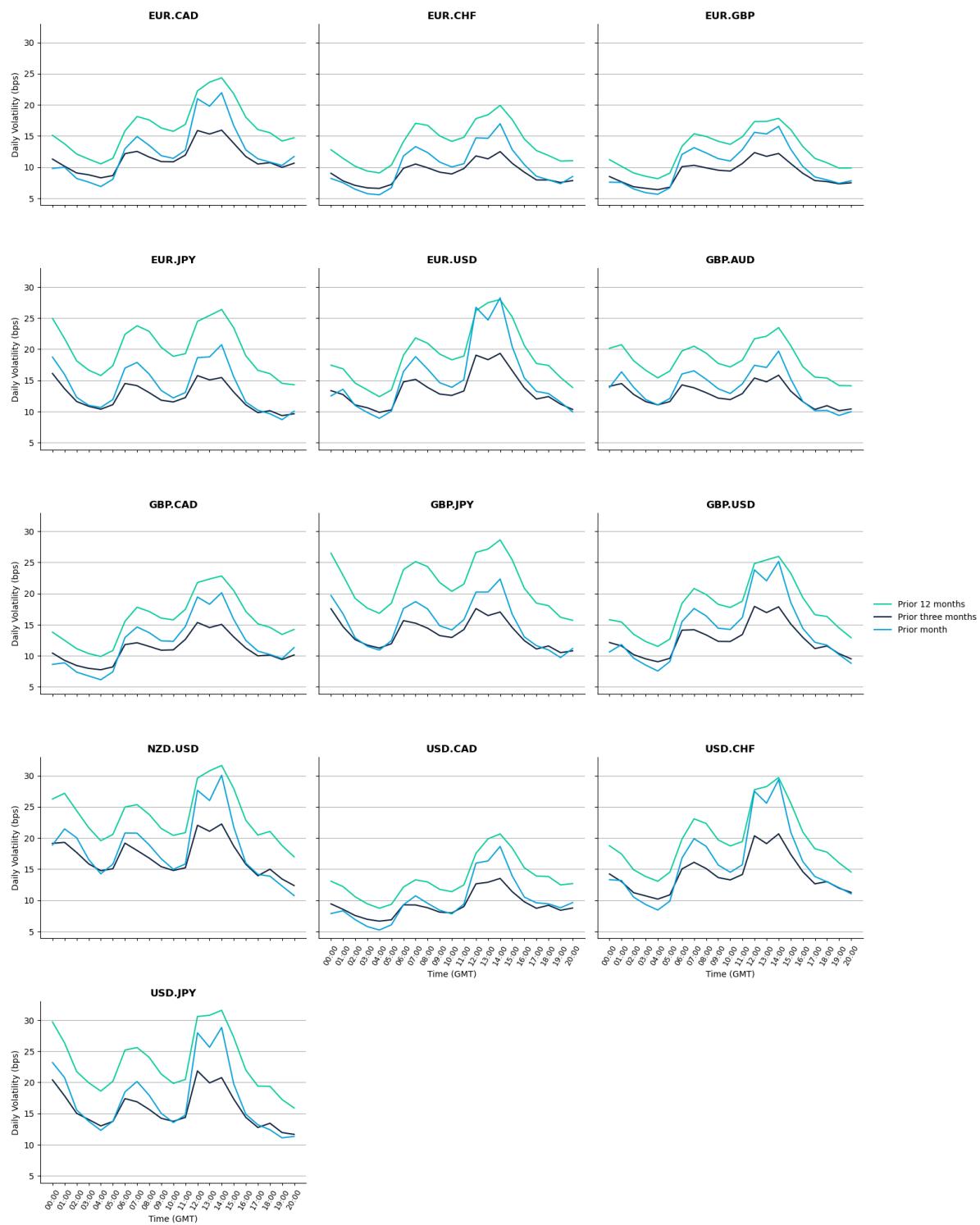
## VOLATILITY

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

Comparison over the past month, three months, and year



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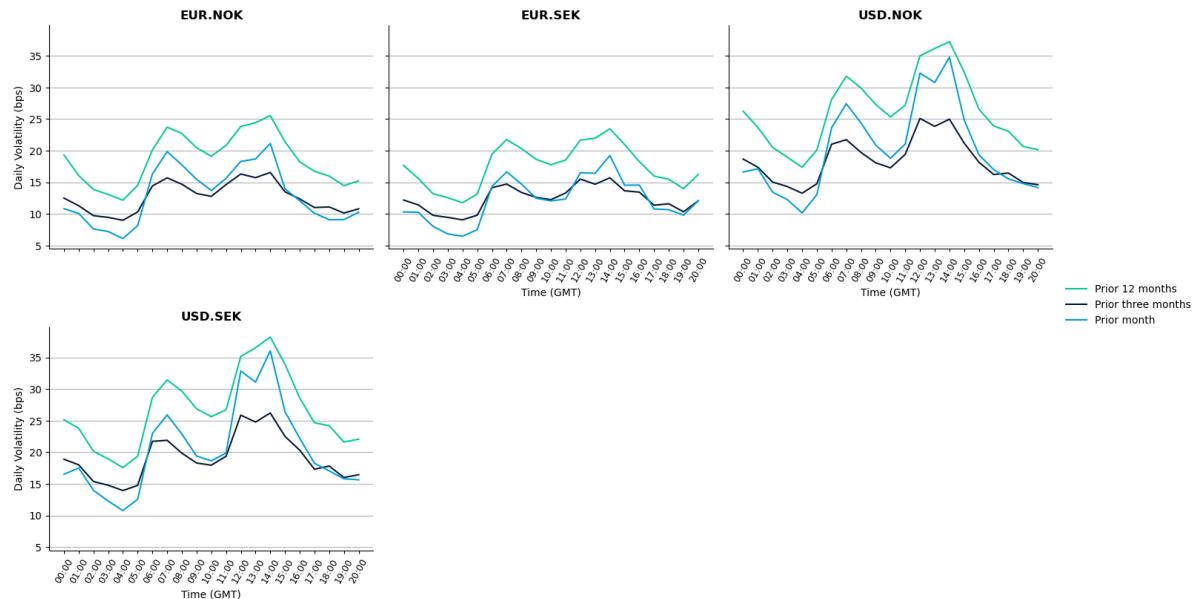


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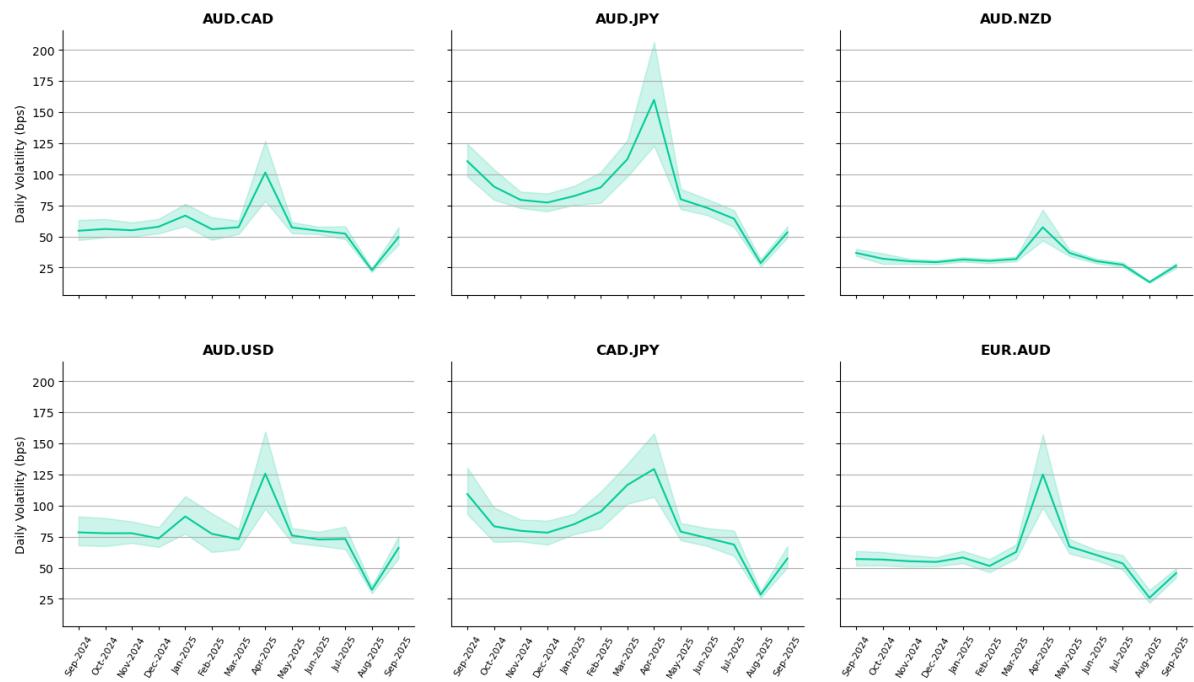
## Scandinavian G-10 Currencies: Average Hourly Volatility, 00:00-20:00 GMT

Comparison over the past month, three months and year



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

September 2024 – September 2025



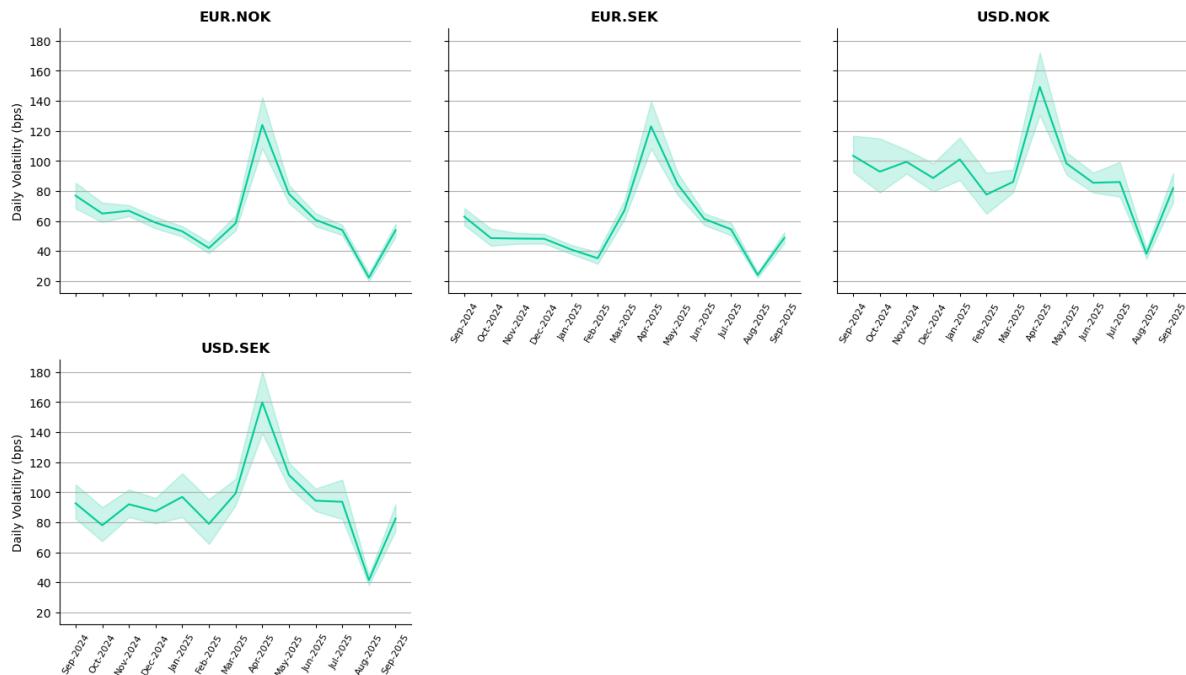


## Scandinavian G-10 Currencies: Average Daily Volatility, 12:00-16:00 GMT

September 2024 – September 2025



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**AMERICAS** +1.866.265.4519 | **APAC** +852.3405.3755 | **EMEA** +44.20.7670.4000  
[analytics@virtu.com](mailto:analytics@virtu.com) | [www.virtu.com](http://www.virtu.com)

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