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June 2022

FX Market Structure Monthly

CHANGES IN SPREAD AND VOLATILITY FOR MAJOR MARKET PAIRS

After reaching a 12-month high in May, G10 FX spreads and volatility widened further in June. During the 12:00-16:00 GMT trading window, spreads and volatility widened for 17 of the 23 pairs we track. The intraday spreads widened for nearly all pairs from 03:00 to 07:00 GMT and from 12:00-14:00 GMT. Intraday volatility changes were more subdued, but 20 of 23 pairs registered increased volatility from 12:00-13:00 GMT.

The most liquid currency pairs exhibited consistent widening of spreads in June. Given the state of the world and economy, are we seeing a flight to quality to the most liquid FX pairs? Next month we'll see if the less liquid pairs follow with notably wider spreads.

READING THE RESULTS

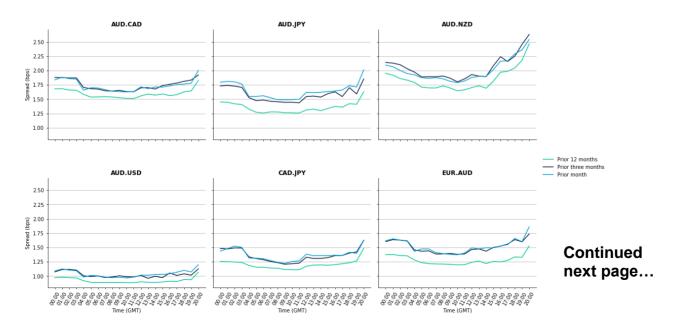
In the intraday charts, the green line presents the average spread or volatility for the past 12 months, the black line is for the past three months and the blue line is for the past month. On the daily charts, the green area represents the 95th percentile confidence interval for the spread and volatility, giving a sense of the stability of the calculated median value.

SPREADS

- Only one major pair, AUD.USD, recorded a narrower spread than one month ago during the 12:00 to 16:00 GMT trading window. In fact, AUD.USD traded narrower on average every hour of the trading day.
- GBP.USD and GBP.JPY traded wider every hour of the trading day.
- EUR.NOK and USD.NOK traded wider for most of the day, although EUR.SEK and USD.SEK traded narrower during London trading hours.

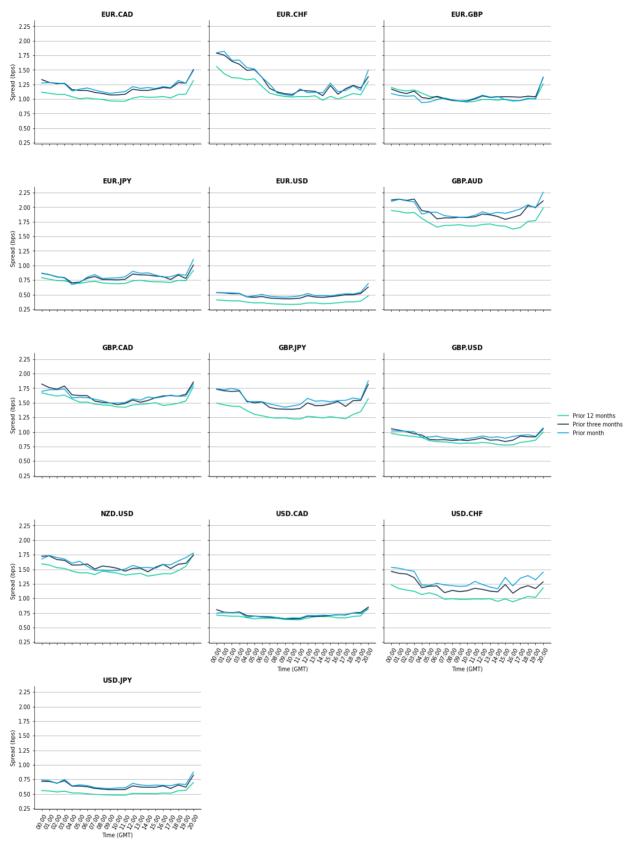
G-10 Currency Pairs: Average Hourly Spread, 00:00-20:00 GMT





All chart sources: Virtu Financial, 2022. 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 the separate exhibits

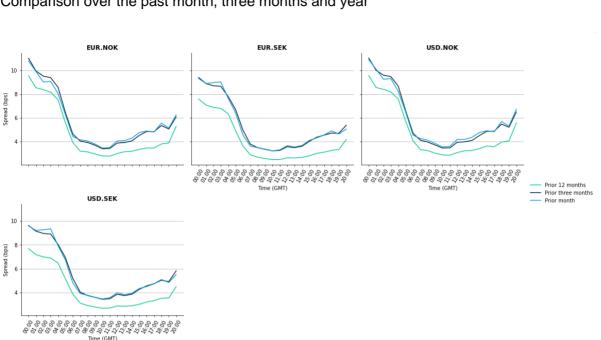




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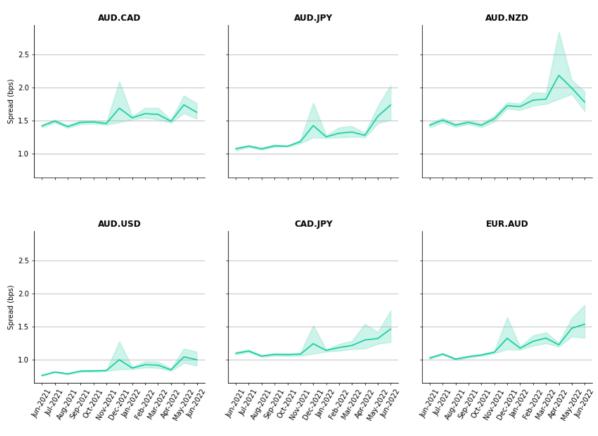
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Scandinavian G-10 Currencies: Average Hourly Spread, 00:00-20:00 GMT Comparison over the past month, three months and year

G-10 Currencies: Average Daily Spread, 12:00-16:00 GMT June 2021- June 2022

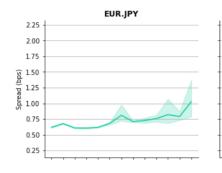


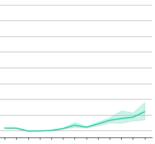
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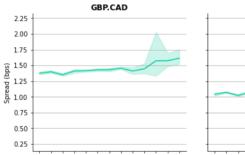




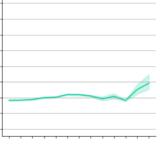


EUR.USD



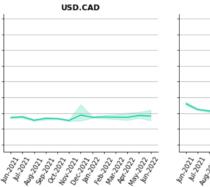


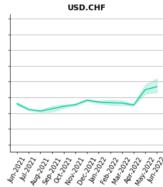


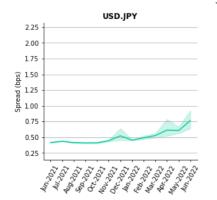


GBP.USD







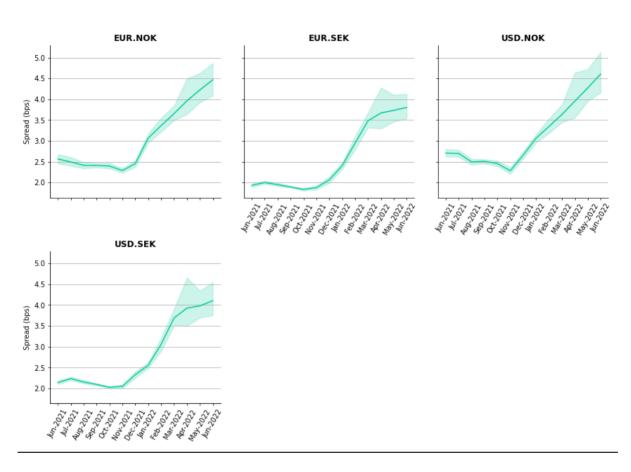


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Scandinavian G-10 Currencies: Average Daily Spread, 12:00-16:00 GMT June 2021-June 2022

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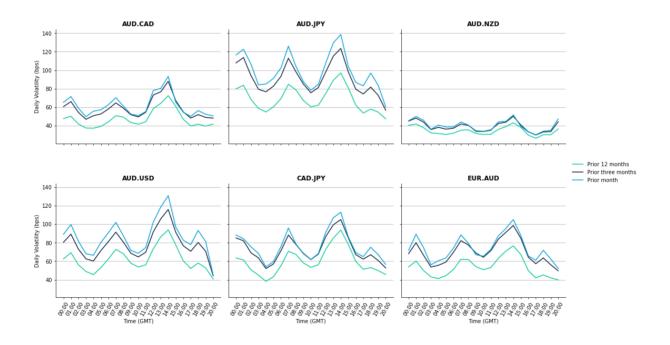
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VOLATILITY

- Volatility increased marginally in June, but only during London desk hours. In eight of the nine-hour trading window, EUR.USD, GBP.USD, USD.CHF, USD.JPY, EUR.JPY and GBP.CAD traded with wider spreads.
- Despite subdued volatility changes intraday, 20 of 23 pairs registered an increase from 12:00-13:00 GMT.
- Meanwhile, all six AUD pairs tracked, AUD.USD, AUD.CAD, AUD.JPY, EUR.AUD, GBP.AUD and AUD.NZD recorded lower volatility throughout the trading day.
- Volatility remained high in comparison to recent historical levels. In the 12:00-16:00 GMT trading window, 19 pairs experienced higher volatility than three months ago. June's volatility was higher than six or 12 months ago for all 23 pairs.
- Among the Scandinavian pairs, EUR.SEK and USD.SEK experienced smaller volatility increases than EUR.NOK and USD.NOK continuing a trend we've observed since the start of the year.

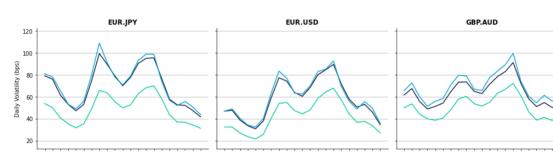
G-10 Currencies: Average Daily Volatility, 00:00-20:00 GMT Comparison over the past month, three months and year

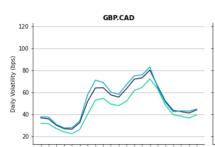


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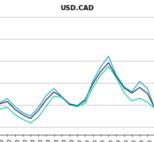


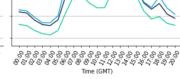












USD.CHF

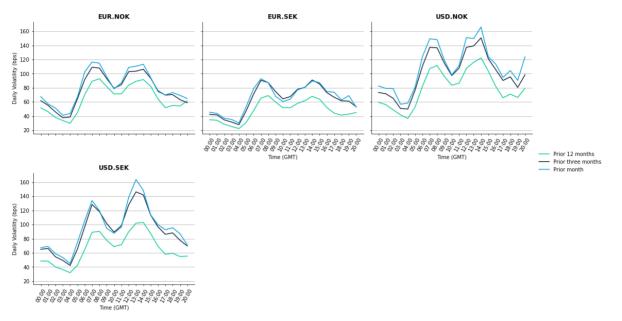
USD.JPY 120 100 Daily Volatility (bps) 80 60 40 20

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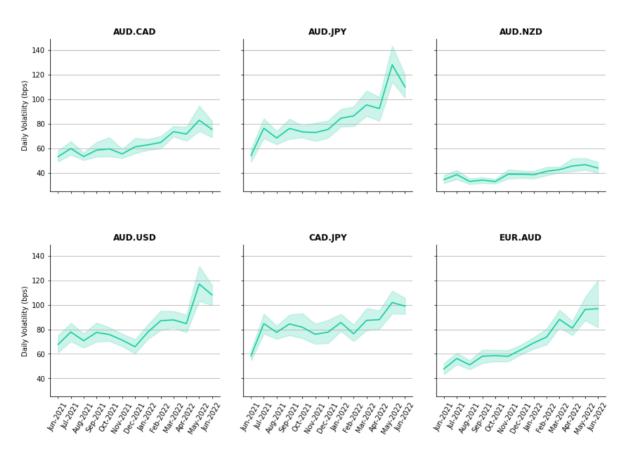
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Scandinavian G-10 Currencies: Average Daily Volatility, 00:00-20:00 GMT Past month, three months and year



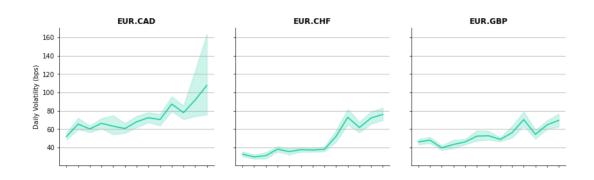
G-10 Currencies: Average Daily Volatility, 12:00-16:00 GMT June 2021-June 2022



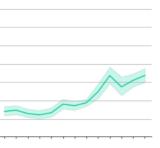
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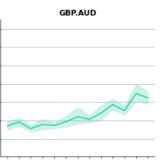


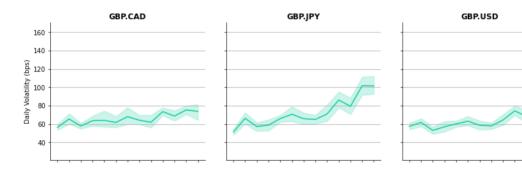




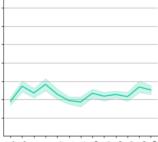


EUR.USD





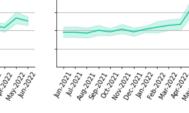




USD.CAD









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Scandinavian G-10 Currencies: Average Daily Volatility, 12:00-16:00 GMT June 2021-June 2022



Have questions? To learn more, contact your regional Virtu Analytics representative. **AMERICAS** +1.866.265.4519 | **APAC** +852.3405.3755 | **EMEA** +44.20.7670.4000 analytics@virtu.com | www.virtu.com

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