

May 2022

FX Market Structure Monthly

CHANGES IN SPREAD AND VOLATILITY FOR MAJOR MARKET PAIRS

G10 FX spreads widened across the board in May after narrowing in April. Volatility also spiked after showing no clear pattern last month. Within the 12:00-16:00 GMT trading window, all 23 pairs that we track recorded wider spreads than last month, and 22 pairs recorded wider spreads than three months ago. On an hourly basis, during the trading hours of Tokyo, London and NY, spreads were wider for all pairs. As compared to six months ago, hourly spreads were wider for all but the EUR crosses—EUR.CHF, EUR.GBP and EUR.JPY.

READING THE RESULTS

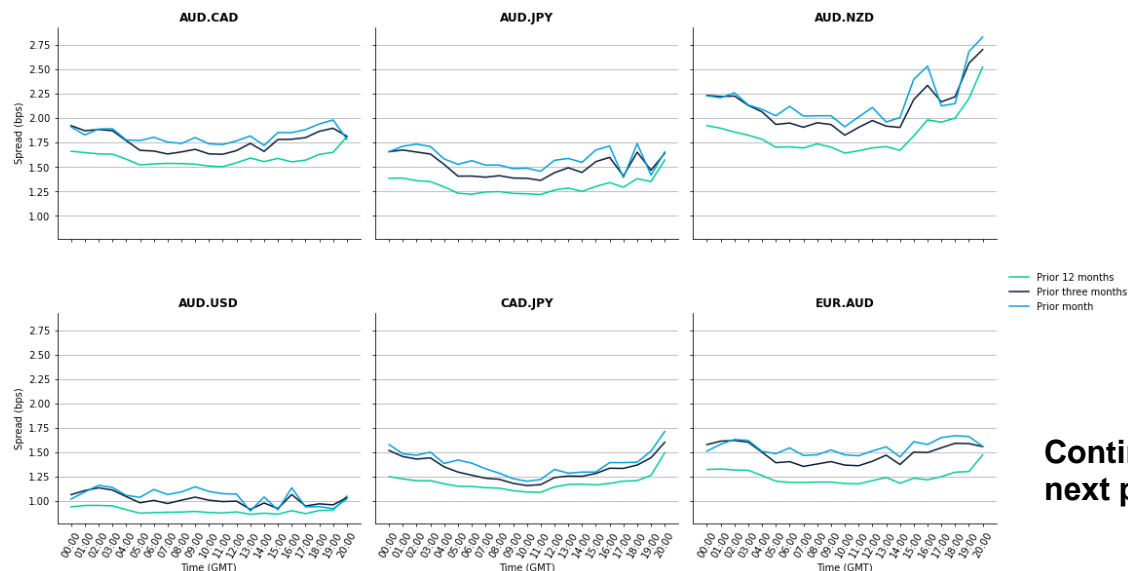
In the intraday charts, the green line presents the average spread or volatility for the past 12 months, the black line is for the past three months, and the blue line is for the past month. On the daily charts, the green area represents the 95th percentile confidence interval for the spread and volatility,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

SPREADS

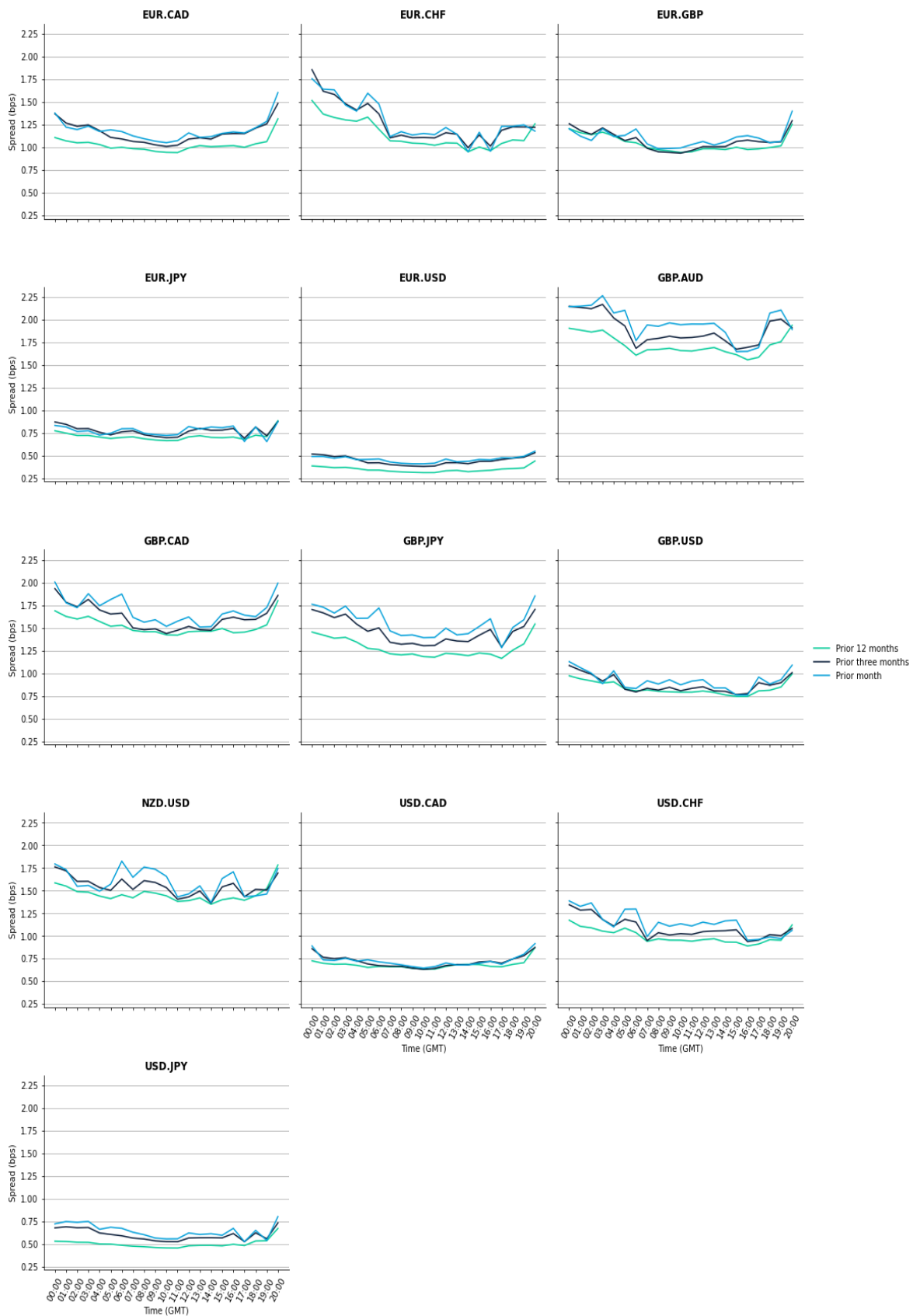
- All major pairs experienced wider spreads during the 12:00 to 16:00 GMT trading window.
- All pairs recorded wider spreads across Tokyo, London and New York trading hours.
- Examining daily spread values during the 12:00-16:00 GMT window, five pairs—USD.CHF, NZD.USD, GBP.USD, GBP.JPY and GBP.AUD—had daily spreads wider for one day in May than for any other day in the past 12 months. Two other pairs—EUR.GBP and EUR.CHF—both recorded a daily spread in May within 2% of their 12-month peak. A trio of AUD pairs—AUD.CAD, AUD.JPY and AUD.USD—recorded their widest daily spread in May since the start of 2022.

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

Comparison over the past month, three months and year



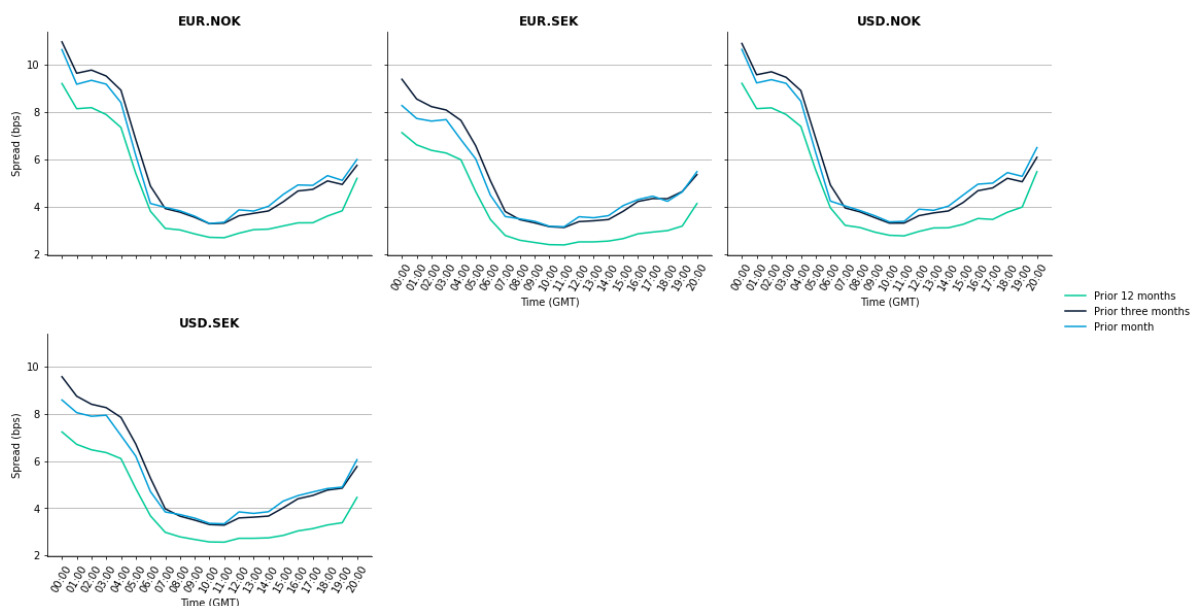
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All chart sources: Virtu Financial, 2022. Spread and volatility calculations are derived from sources that Virtu believes to be reliable, but Virtu does not make any claims to its accuracy. USD.NOK, USD.SEK, EUR.NOK and EUR.SEK are shown in separate 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 May 2021-May 2022



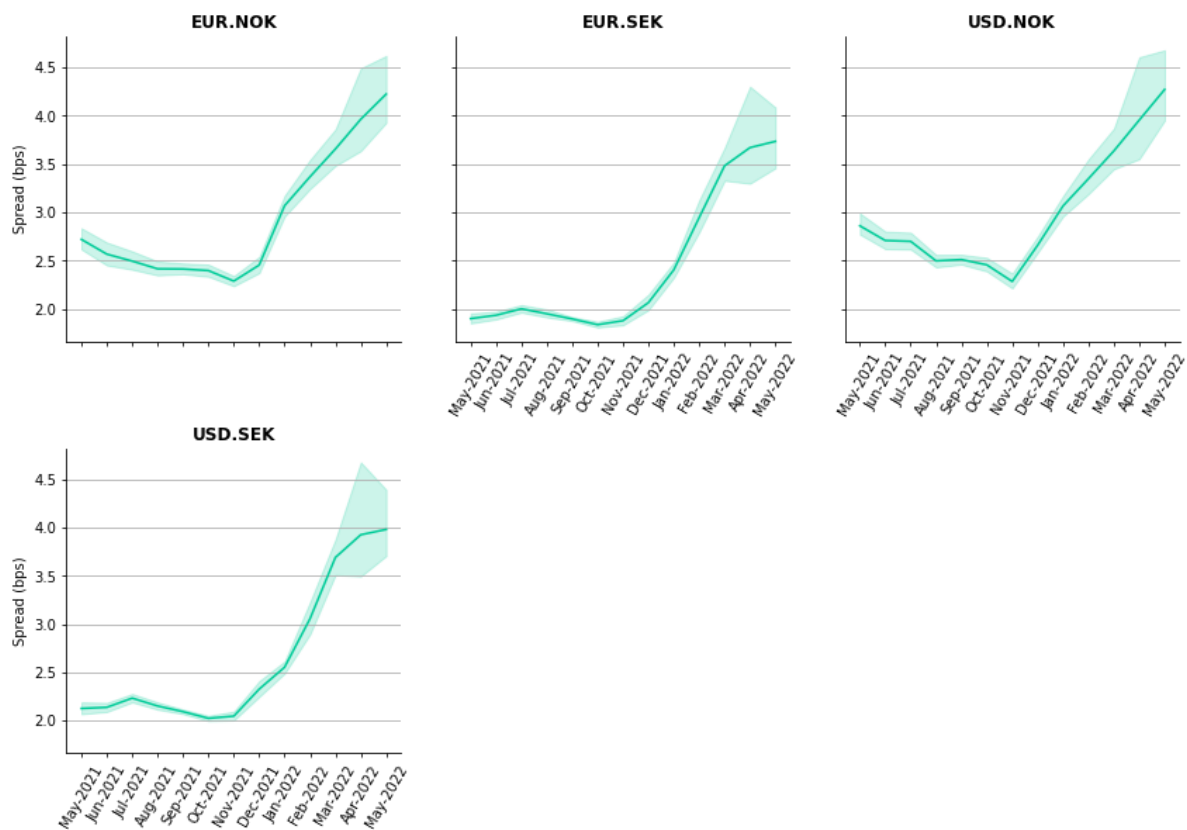
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Scandinavian G-10 Currencies: Average Daily Spread, 12:00-16:00 GMT May 2021-May 2022



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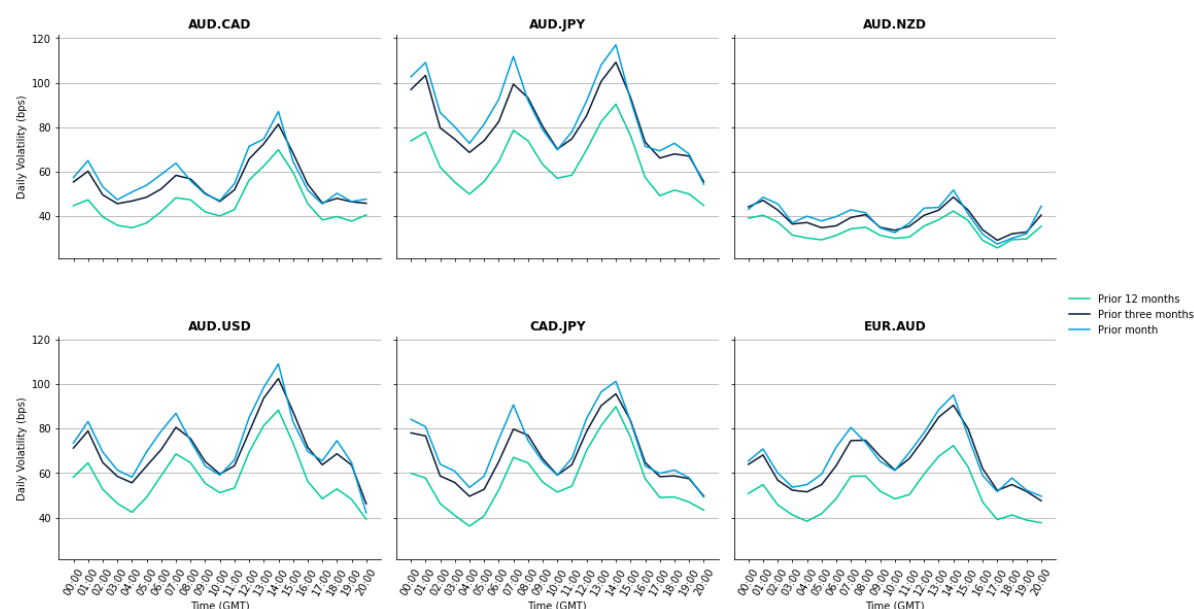


VOLATILITY

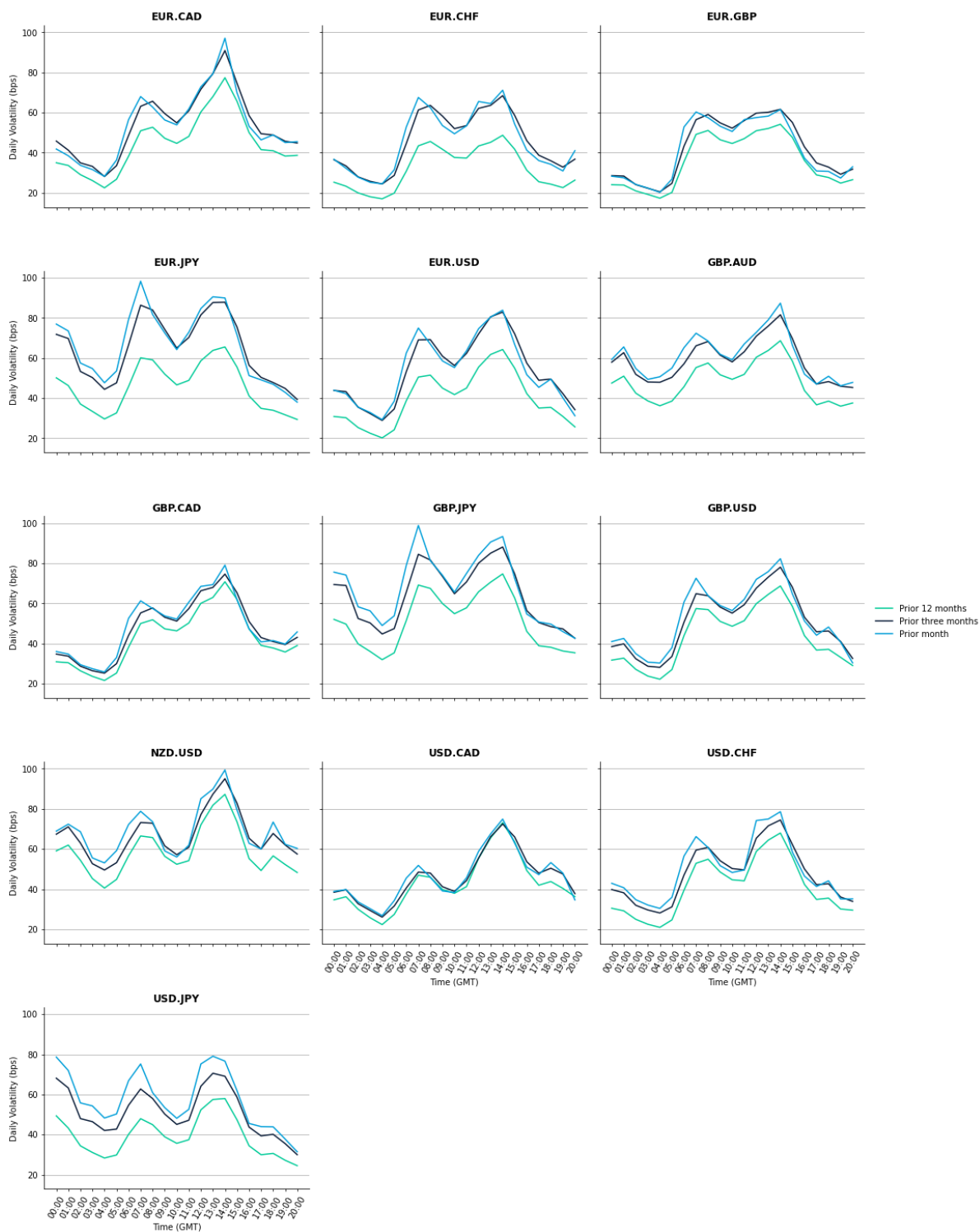
- Volatility increased sharply in May after a marginal increase in April. Daily from 12:00-16:00 GMT, 15 pairs recorded higher volatility in May than for any other day in the past 12 months. Six pairs recorded daily volatility within 10% of their 12-month highs. While the two remaining pairs—EUR.CHF and EUR.GBP—both came within 20% of a new 12-month daily volatility high in May.
- Of the 23 pairs that we track, 21 saw an increase in average monthly volatility between 12:00-16:00 GMT. Only AUD.NZD and EUR.CAD recorded lower average volatility in May, but in both cases, the single-day volatility was higher than any other day in the past 12 months.
- The average monthly volatility of all 23 pairs was higher during 12:00-16:00 GMT than three-, six- or 12-months ago.
- On an intraday basis, 22 pairs recorded higher average monthly volatility for at least seven hours of Tokyo, London and New York trading. The outlier, USD.JPY, showed an average volatility increase for four hours of Tokyo trading and five hours of the London and New York trading days.

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

Comparison over the past month, three months and year



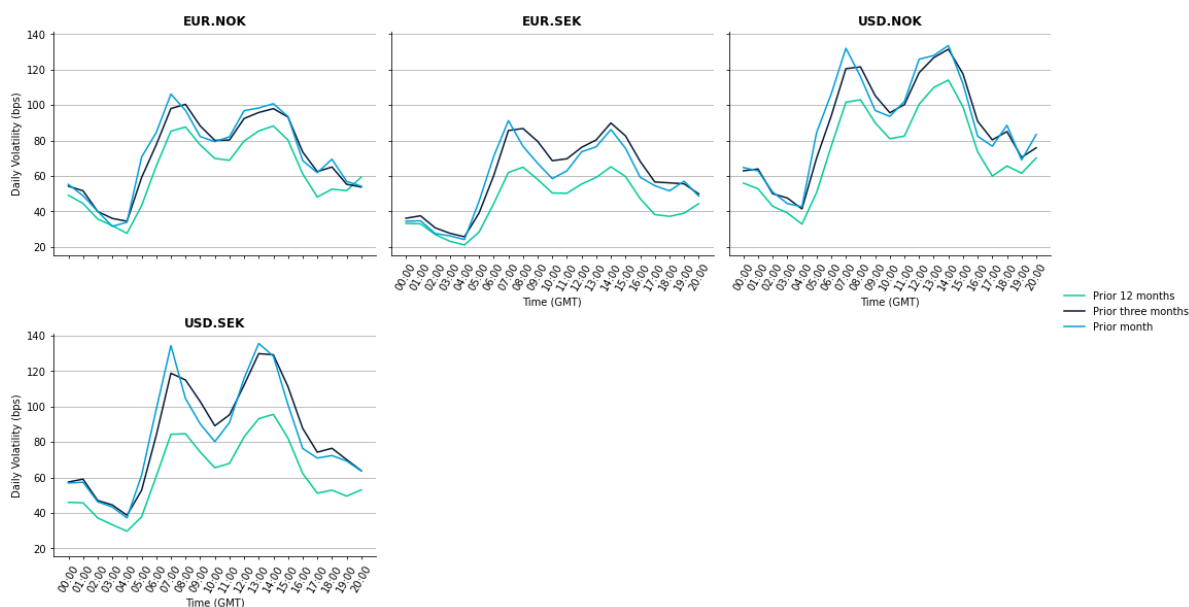
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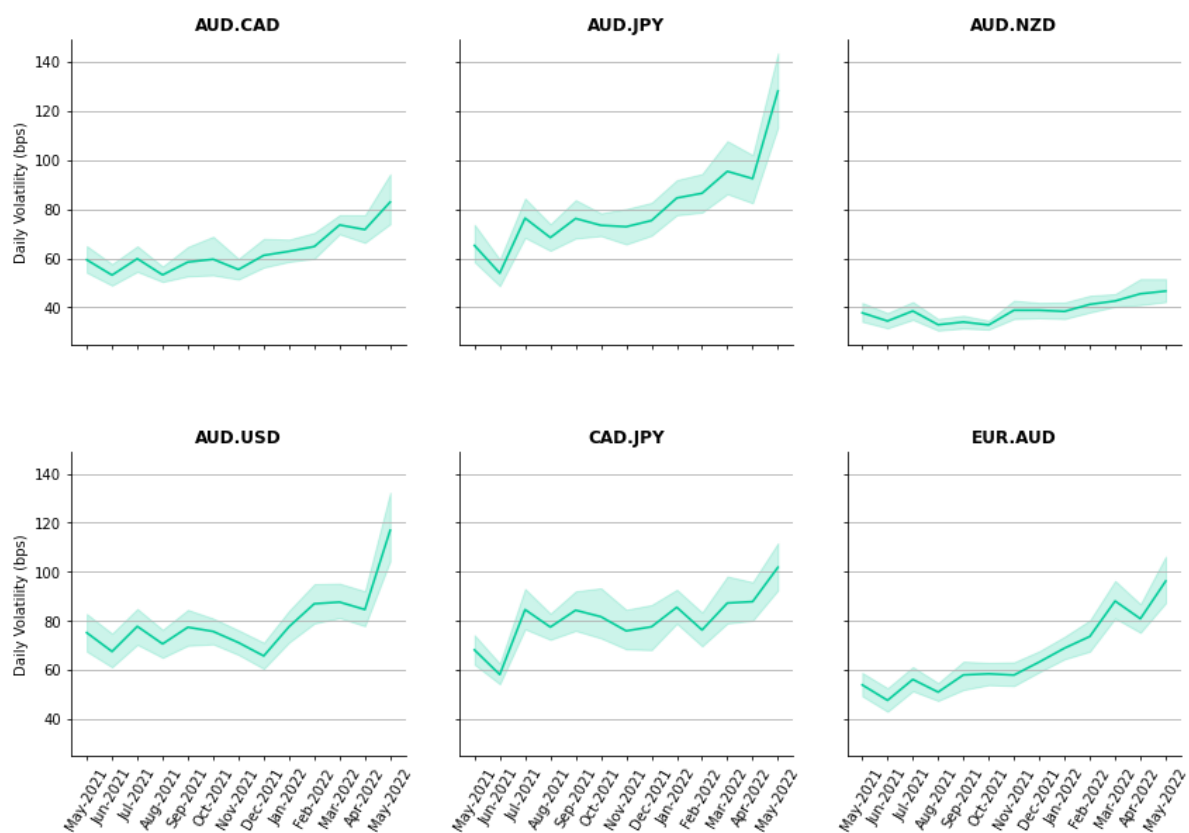
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Scandinavian G-10 Currencies: Average Daily Volatility, 00:00-20:00 GMT Past month, three months and year



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



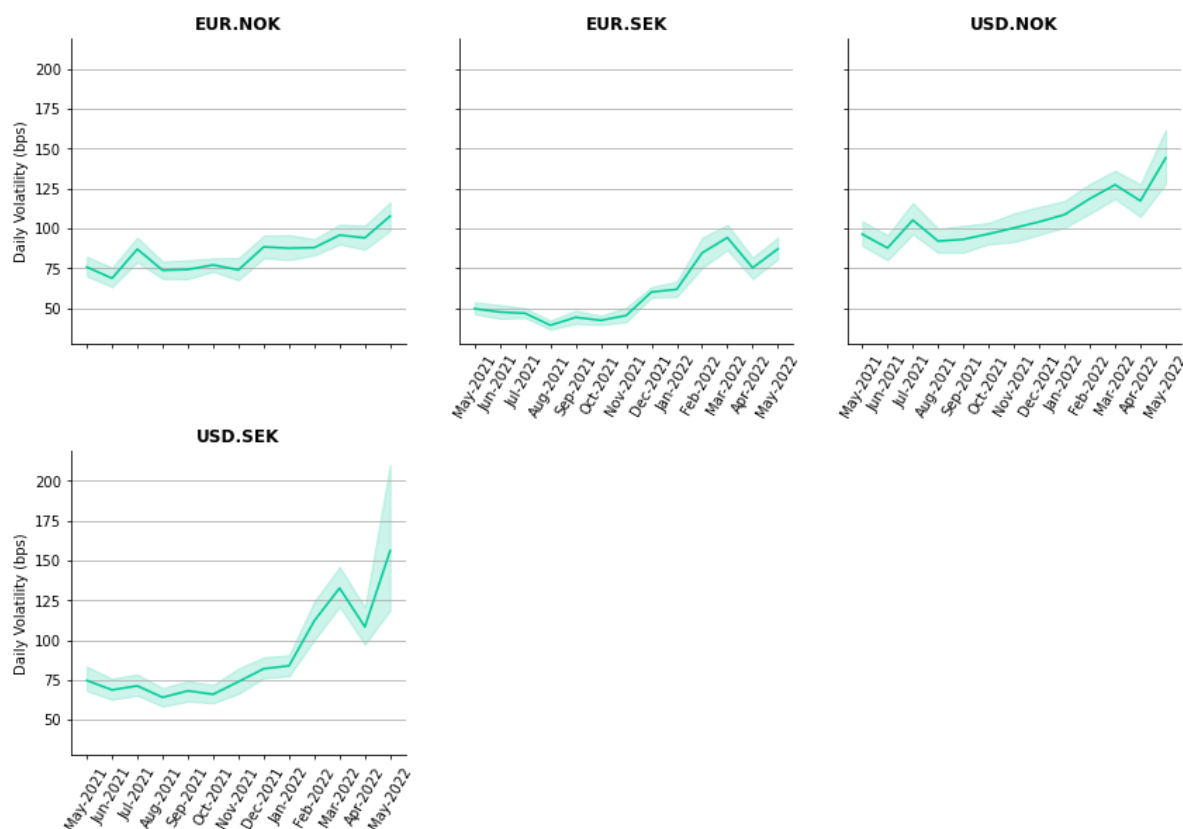
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Scandinavian G-10 Currencies: Average Daily Volatility, 12:00-16:00 GMT May 2021-May 2022



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