ECB FXCG

FX Options

• Bloomberg Observations in 2020
• November 2020

Tod M. Van Name
FX Options 2020

• Bloomberg FX
• Driving (slowly) toward Electronification
• Impact of Covid
• Activity by Client Type
• Nuance of Voice - Chat – RFQ
• Spreads
Option Activity by Client Type – Buy Side

% of Total YTD Volume by Industry Type and Calendar Month (RFQ)
Option Activity by Client Type - Banks

% of Total YTD Volume by Industry Type and Calendar Month (RFQ)

January, February, March, April, May, June, July, August, September, October

Global Banks  Regional Banks
Top Currency pairs via RFQ

- EUR/USD Trade volume, by far the most active pair, has also been the most erratic
- EUR/GBP now takes center stage leading up to Brexit – volume
- Other pairs saw a drop in volatility and volume leading up to and after US elections

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Stocks Plummet
Cases surpass 10 million
Lockdown restrictions eased

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Who: EUR/USD

Cases surpass 10 million

Stocks: EURGBP

Lockdown restrictions eased
Top Currency pairs via Voice/Chat (CNF)

- USDCNH options were the top traded pair by volume, and not only saw the sharpest decline, but also the steepest recovery.
- Only EUR/USD volume is below levels seen in January.
Spreads by Notional Band

- Size Matters
- Small trades incur wider spreads in part to hit minimal yield thresholds and higher relative overhead
- Trades in larger size tend to be clients who are more price sensitive and have the business to justify the kindness
Thank you