

# Déjà-vuTrading

## NEWSLETTER N° 3 / 2018

### The Derivatives Industry

#### Growth in interest rate futures trading

Investors are increasingly trading interest rate future in place of centrally-cleared swaps as the costs can be 70% lower. US participants reportedly plan to move 11% of their swap trading to futures while in Europe the figure is 17%.

<https://www.reuters.com/article/us-usa-bonds-futures-analysis/rate-futures-volumes-surpass-treasuries-as-market-evolves-idUSKBN1H41XH>

#### Launch of yuan-denominated oil futures

The Shanghai International Exchanges launch of an oil futures contract denominated in local currency. Some commentators are suggesting that this may be the first step in the yuan replacing the dollar as the base currency for oil trading but this is unlikely, certainly in the short term.

<https://www.economist.com/news/finance-and-economics/21739665-talk-petroyuan-premature-china-wants-reshape-global-oil-market>

### Exchanges, MTFs and CCPs

#### Euronext completes purchase of Irish Stock Exchange

The pan-European exchange has completed its purchase of 100% of the shares of the Irish Stock Exchange. The Irish part of the group has been renamed as Euronext Dublin.

<https://www.euronext.com/en>

#### ICE sees record open interest in Short Sterling Futures

An open interest record of 3,896,252 contracts of Short Sterling was set on 16<sup>th</sup> March 2018. This broke the previous record that had been set in July 2007.

<http://ir.theice.com/press/press-releases/all-categories/2018/03-19-2018-142204018>

#### Record volumes on CME

The Chicago exchange announced a monthly average daily volume (ADV) record was set in February 2018. The ADV figure for the month was 27.3 million contracts, surpassing the previous record of 20.9 set in November 2016.

[http://www.cmegroup.com/media-room/press-releases/2018/3/02/cme\\_group\\_reacheshighest-evermonthlyvolumeof273millioncontractsf.html](http://www.cmegroup.com/media-room/press-releases/2018/3/02/cme_group_reacheshighest-evermonthlyvolumeof273millioncontractsf.html)

Déjà-vuTrading SAS  
34 Boulevard des Italiens  
75009 Paris- France  
www.dejavutrading.com  
+33 (0) 1 83 64 14 33  
+33 (0) 1 83 62 45 50

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## **CME agrees to buy Nex for £3.9 billion**

The Chicago exchange has had its offer of £10 per share accepted by the management of Nex (formerly known as ICAP). The deal will see the world's largest derivatives exchange also become by far the largest trading venue for fixed income. The CME also plans to link Nex's foreign exchange market to its FX futures products.

<https://www.bloomberg.com/news/articles/2018-03-29/cme-agrees-to-buy-spencer-s-nex-to-create-trading-venue-behemoth>

## **Regulation**

### **A senior US regulator call for US Treasury to regulate cryptocurrencies**

Robin Behnam, a CFTC commissioner has said that more regulation of cryptocurrencies is needed. He stated that the distributed ledgers and ICOs need to be looked at in addition to the currencies themselves.

<https://www.ft.com/content/40ec2810-275c-11e8-b27e-cc62a39d57a0>

### **New equity trading rules to be tested by the SEC**

A two year pilot scheme aiming at removing rebates and reducing fees on equity changes will be carried out by the SEC. The current system pays market makers and charges market takers.

<https://www.ft.com/content/65943772-27d2-11e8-b27e-cc62a39d57a0>

## **BREXIT**

### **Moving clearing out of London could be disastrous**

Karel Lannoo, of the European think tank CEPS, thinks that re-locating Euro clearing away from the City of London runs the risk of causing huge disruption to business

<https://www.ft.com/content/498453f0-261f-11e8-9274-2b13fccdc744>

### **What is the impact of Brexit on London so far?**

Reuters is tracking the changes that can be seen in London since the Brexit vote.

<https://www.reuters.com/article/us-britain-eu-city/brexit-and-the-city-tracking-the-fortunes-of-londons-financial-districts-idUSKBN1H40YY>

## **Industry Events**

3<sup>rd</sup> May 2018 FOW Trading Dublin

**Dublin**

<https://globalinvestorgroup.com/event/22/fow-trading-dublin>

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## Average Daily Volumes per exchange

Euronext	February	0.6 million	(+11.4% y.o.y.)
Eurex	February	8.5 million	(+31.7% y.o.y.)
ICE/LIFFE	February	6.7 million	(+15.8% y.o.y.)
CME	February	27.2 million	(+48.3% y.o.y.)

<https://derivatives.euronext.com/en/reports-statistics/derivatives/monthly-statistics>

<http://www.eurexchange.com/exchange-en/market-data/statistics/monthly-statistics>

<http://ir.theice.com/ir-resources/supplemental-information>

[http://www.cmegroup.com/media-room/press-releases/2018/3/02/cme\\_group\\_reacheshighest-evermonthlyvolumeof273millioncontracts.html](http://www.cmegroup.com/media-room/press-releases/2018/3/02/cme_group_reacheshighest-evermonthlyvolumeof273millioncontracts.html)

## And finally...

### Welcome to the world Antonin

Happy news for Aline – she is now the proud mother of a baby boy, Antonin!

Compiled by: Aline Régnier and Simon Butler, 28<sup>th</sup> March 2018

### To contact us:

Déjà-vuTrading  
34 Bd des Italiens  
75009 Paris - France

[contact@dejavutrading.com](mailto:contact@dejavutrading.com)  
[www.dejavutrading.com](http://www.dejavutrading.com)  
Tel: +33 (0) 1 83 64 14 33 Fax: +33 (0) 1 83 62 45 50



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[+33 \(0\) 1 83 64 14 33](tel:+330183641433)  
[+33 \(0\) 1 83 62 45 50](tel:+330183624550)