

Parameta Solutions launches New APAC EM IRO Service

powered by Tullett Prebon Singapore
by Gigi Tan

The rising global interest rate environment has brought with it higher volatility and increased opportunity in the interest rate markets. This has been evidenced by higher interest rate trading volumes.

The KRW 91D CD moved from a low of 0.63 in August 2020, on a constant climb, all the way to 4.03 in November 2022, and has since eased to 3.5 levels this year. But where are they headed from here?

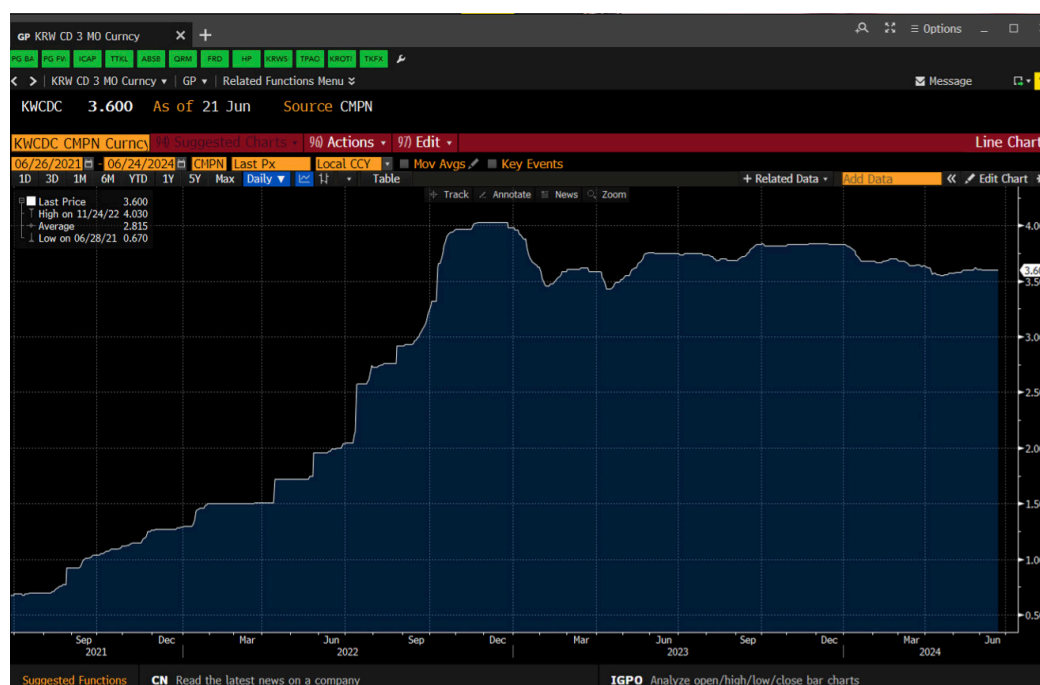


Figure 1. KRW 91D CD 3 year chart. Source: Bloomberg

In Asia, we are seeing growth in the underlying businesses (IRS and NDS) such as KRW IRS, INR NDOIS and INR NDS. Markets which generally used to have high correlation to USD rates are now shifting away from that pattern and with this we are seeing more interest in Emerging Market (EM) volatility. We expect more interest in other EM currencies as their behavior become more idiosyncratic.

The growth has not only been in the swaps markets, but in the IRO space as well. Banks are using them for both trading the volatility as well as hedging existing IRS positions. TP Singapore recognized this opportunity and formed a dedicated EM IRO desk, which went live on 17 June 2024.

“It was a true collaboration across the TP ICAP group – including Global Broking, Parameta Solutions, Technology and Support to launch this new initiative”, says Gavin Herrmann, Head of Global Broking, TP ICAP, APAC.

“The depth and accuracy of data created by this project is unrivalled, due to the end-to-end design approach that considered the full needs of today’s modern financial institutions. This means that both the execution and wholesale data solutions being provided are holistic and complete - fully aligned with our clients demand in all areas of their complex OTC workflows”, says Rhys Spencer, Head of Parameta Solutions, APAC Sales.



The new desk is headed by Shourov Kabir, certainly a familiar name to the IRO community - starting his career on the euro swaptions desk in London, then moved to Tokyo to do Yen swaptions and then the last 19 years in Singapore doing EM swaptions.

“Being able to create good quality data in terms of the forward curves, implied vols and premium will help our customers avoid a lot of the time-consuming work that goes into sourcing underlying curves and the calculations required to turn the data into a vol surface”, says Shourov.

Parameta Solutions is pleased to announce the launch of its TP EM IRO service. An IRO package carrying the full suite of pricing and analytics based on actual desk observations from the TP EM IRO Singapore desk. Currencies supported today include KRW NDIRS swaptions and CNH CCS swaptions with future entries in the pipeline including but not limited to swaption surfaces in SGD, HKD, TWD (ND and onshore), THB (ND and Onshore), MYR, INR, CNY, IDR and PHP.

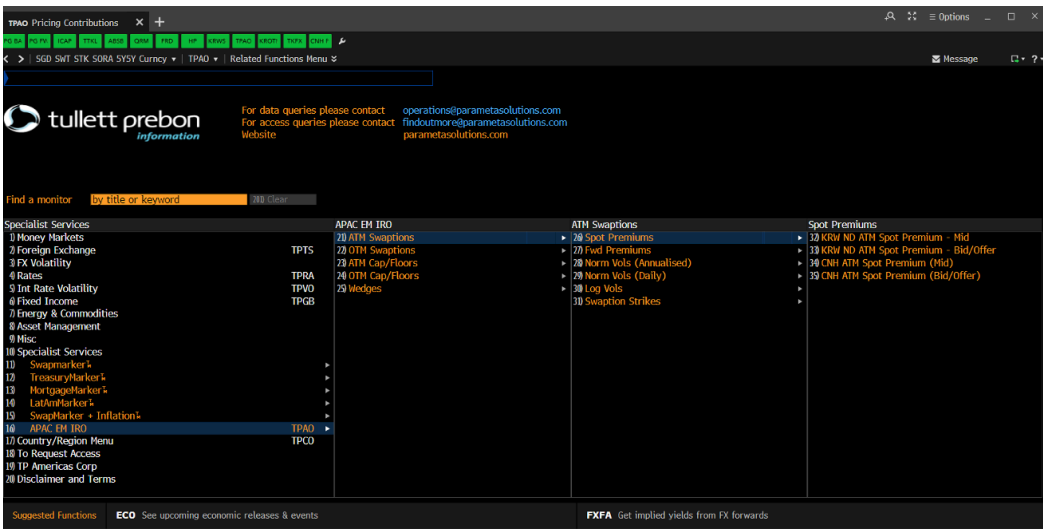


Figure 2. New Specialist Service APAC EM IRO on node <TPAO> <GO>. Source: Bloomberg

In terms of products offered, the ND KRW is the most comprehensive coverage (over 5,300 records/20,100+ Bloomberg tickers) we have for any EM currency including ATM Swaptions and Skews, Cap/Floor Straddles, Spot Start Cap/Floors, Forward Starting Cap/Floors as well as Wedges.

We also have a wide analytics coverage that includes Spot and Forward Premiums, Forward Strikes, Lognormal Volatility, Normal Volatility (both annualized and daily), so that traders can choose the best view/strategy suitable for their trading style. Data is available today via Bloomberg <TPAO> <GO> or direct delivery.

Get in touch

For further information, please visit us at: www.parametasolutions.com

Sales: findoutmore@parametasolutions.com

Support: operations@parametasolutions.com

Disclaimer

This communication and all information contained in or attached to it (including, but not limited to market prices/levels and market commentary) (the "Information") is for informational purposes only, is confidential, may be legally privileged and is the intellectual property of one of the companies of TP ICAP plc group ("TP ICAP") or third parties. The Information is directed to Eligible Counterparties and Professional Customers only and is not intended for Retail Clients (as each term is defined by the rules of the Financial Conduct Authority or equivalent). The Information is not, and should not be construed as, an offer, bid, recommendation or solicitation in relation to any financial instrument or investment or to participate in any particular trading strategy. The Information is not to be relied upon and is not warranted, including, but not limited, as to completeness, timeliness or accuracy and is subject to change without notice. All representations and warranties are expressly disclaimed. Access to the Information by anyone other than the intended recipient is unauthorised and any disclosure, copying or redistribution is prohibited. The Information and any opinions expressed within it are not to be relied upon as authoritative, or taken in substitution for seeking your own advice or the exercise of your own commercial judgment. The Information has no regard to specific investment objectives and does not comprise investment advice. The Information is not, and should not be construed as, an offer or solicitation to bid, sell or buy any product, investment, security or any other financial instrument. TP ICAP does not promote any of the contents of the Information. TP ICAP does not make any representation or warranty, express or implied, as to the accuracy, completeness or correctness of the Information, which is subject to change without notice. TP ICAP does not accept any responsibility or liability for any direct or indirect loss or damage, howsoever caused, arising from or in connection with the Information. In no circumstances may the products referred to herein be used for any purpose that would cause it to become a benchmark for the purposes of (a) the Regulation (EU) 2016/1011, (b) the UK version of Regulation (EU) 2016/1011 as on shore via the European Union (Withdrawal) Act 2018 (the "UK Benchmarks Regulation") © other applicable benchmark regulation and/or (d) the IOSCO Principles for Financial Benchmarks in each case together with the relevant technical standards, whether by the products referred to being referenced in a financial instrument, financial contract or investment fund or otherwise. ("Prohibited Use"). The terms of this disclaimer are governed by the laws of England and Wales. For further regulatory information and our terms of business, please see www.tpicap.com. ©TPICAP 2024