Ad Hoc Responses to COVID Shock Will Continue to Shape FX Market Structure

October 20, 2020

Executive Summary:



The COVID-19 crisis rattled markets around the world and across all asset classes, including FX markets. Market participants experienced extreme disruption in everything from their access to liquidity to their access to their workflows. Market participants were forced to adapt and change their execution methodologies, and in so doing, the effects of the crisis were felt differently in different parts of the market structure. During the crisis, there has been an incredible focus on relationships. Thankfully, the market structure was flexible enough to accomodate that, and the persistence of voice trading and SDPs facilitated the reliance on resilient relationships.

Methodology:

Throughout June and July 2020, Greenwich Associates interviewed 149 FX investors globally as a part of our annual Market Structure and Trading Technology Study. Respondents were asked about their experience of and their responses to the COVID-19 crisis, as well as other questions about how they interact with FX market structure.

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