



2015.8.17

The Trend of Currencies of the London Foreign Exchange Market

Yuko Gomi, Economist
Institute for International Monetary Affairs

In July 2015 results of a survey of the world's six major market's volume of foreign exchange¹ were released. According to the survey the volume of one business day in April 2015, the most was London with 2,481 billion dollars. After a wide gap, 2nd was New York with 881.2 billion dollars and 3rd was Tokyo with 362.7 billion dollars. Transaction seem to be concentrated to London because, not only it covers the European time zones, it covers a part of Asian and U.S. time zones as well. Let us look at the recent trend of the London market.

In April 2015's data, amongst the 20 currencies which volumes have been disclosed, the percentage of Currencies of Advanced Nation (Here we will use the term of IMF's "Advanced Economies" for Advanced Nation) and that of Developing Nation are, 183.7% for Advanced Economies and 9.8% for Developing Nation (The total is 200%), the percentage of Advanced Economies Currencies is overwhelming. But comparing the change in shares since April 2010, the increase or decrease for five years were, for Advanced Economies Currencies it was a decrease of 5.4 points, for Developing Nation Currencies it was an increase of 3.8 points, the differential of points are of other currencies.

In April 2015 for Advanced Economies Currencies, the U.S. Dollar increased by 4.0 points while the Euro and the Sterling Pound each decreased by 6.2 and 2.6 points. The order of most shares of the major currencies is, 1st is the U.S. Dollar (88.9%), 2nd is the Euro (39.0%), no change in order, but the Japanese Yen changed places with the Sterling Pound and the Australian Dollar changed places with the Swiss Franc, 3rd was the Japanese Yen (16.2%), 4th was the Sterling Pound (15.1%), 5th was the Australian Dollar (6.7%), 6th was the Swiss Franc (6.1%) and 7th was the Canadian Dollar (4.1%).

For Developing Nation Currencies, the increase of the Turkish Lira and Chinese Yuan was large; both gained 1.0 and 1.4 points each, their shares were 2.4% (8th) and 1.8% (11th) each. For

¹ Released semi-annually by each Foreign Exchange Market Committee of London, New York, Tokyo, Singapore, Sydney and Toronto. For London's survey please go to;
<http://www.bankofengland.co.uk/markets/Pages/forex/FXjsc/default.aspx>

the ranking of Currency Pairs, in April 2015 U.S. Dollar / Turkish Lira volume for one business day was 52.9 billion dollars, for U.S. Dollar / Chinese Yuan volume was 43.2 billion dollars, 8th and 9th each (1st was U.S. Dollar / Euro with 768.5 billion dollars). Compared to the major currencies, the shares still are very small but the rising presence of Developing Nation Currencies deserves attention.