

## Thoughts from the FX Global Steering Meeting

### By Matthew Lempriere, Head of Financial Services, Telstra

I recently returned from a trip to London, where I attended the FX Hive's 4th Annual Global Foreign Exchange (FX) Steering Meeting, which was co-sponsored by Telstra.

This was mainly a buy-side focused event, attended by some of the leading asset managers, hedge funds and trading firms that drive the global FX trading industry.

Run as a steering meeting, with the goal of helping institutional market participants understand the evolution of the FX market structure and associated technology, the event was much more interactive than typical industry gatherings.

Telstra hosted five separate round table sessions, all on the subject of FX trading in Asia. Below are some of the key takeaways from those conversations.

#### It's all about the data

It was clear from the round table discussions we hosted that there is a wide diversity of investment styles and trading strategies used by firms in the Asian currency markets. The traders and fund managers sitting around the table generally fell into one of two camps. Some follow a discretionary approach, where portfolio managers make investment and trading decisions based on a range of criteria. Others take a systematic approach, where computer models are used to identify what, when, where and how to trade.

A common element underpinning both approaches is the requirement for accurate and timely data to drive those investment and trading decisions. For the discretionary traders, this data could be made up of fundamental macro-economic factors, news stories and political developments for example, whereas the systematic traders are generally more reliant on quantitative data such as prices and technical indicators. In the end however, it all boils down to data, which needs to be sourced and delivered in the right way, at the right time, to the right place. Whether discretionary or systematic, you can't compete based upon old, incorrect or incomplete data.

#### Trading strategies

It was also interesting to learn a little more about the actual trading strategies that firms are following in the Asian markets. Whereas the most heavily traded currencies in the region are still the Japanese Yen and Australian Dollar (mostly traded against the US Dollar or Euro), a number of round table participants were also trading Singapore, Hong Kong, Malaysia, Korea and India currencies, often in relative value strategies against each other, rather than against the USD or EUR.

Additionally, with China's recent moves to globalise the renminbi (through new trade-financing facilities and growing use of currency swaps for example) there was also a keen interest from a number of attendees as to how they could best include that currency into their trading strategies. A



key aspect of this was what kind of future presence they might need in the region, and what partners they might need to work with to help facilitate their plans.

### **Beyond technology**

Working for a technology company, I often attend conferences and other events that are technology-focused and I end up having lots of conversations with technologists. This event was very different and it was beneficial spending the day talking to FX market participants and engaging in a series of discussions with the buy-side about their business drivers and to provide them with some insights into how technology can address some of the issues they face.

Gaining a better understanding of the business – and not just the technology underpinning the business – is a critical success factor for any vendor or technology supplier in the Financial Services industry.

With FX being a significant growth market for Telstra, particularly in the Asia/Pacific region, this event gave us a great opportunity to talk to FX traders, hedge fund managers and investment managers about what really drives their business.

It all helps towards creating better technology solutions to serve those business needs.

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