



# AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

## MINUTES OF MARCH 2020 MEETING

Thursday 26 March 2020

Conducted via teleconference

### Attendees

Christopher Kent, RBA (Chair)  
Guy Debelle, RBA (GFXC Chair)  
Keith Sedergreen, ACI Australia  
Mark McCarthy, AFMA  
Jimmy Vouziotis, ANZ  
Winnie Tan, Bank of China  
David Hatzidis, CBA  
Andrew Walsh, Citigroup  
Lee Merchant, Deutsche Bank  
David Kendrick, HSBC  
Andrew Moud, JP Morgan  
Will Richardson, Macquarie Bank  
Mark Lawler, National Australia Bank  
Simon Watkin, NEX  
Stuart Simmons, QIC  
Gary Latner, Refinitiv  
Simon Sukhaseume, SSGA  
Graeme Edie, Westpac  
Chris Knight, XTX Markets

### Apologies

Simon Warner, AMP  
Philip Valvona, BHP Billiton

### Secretariat

Matthew Boge, RBA (Secretary)  
Jason Griffin, RBA

## **1. Competition Guidelines**

The Chair reminded attendees that the meeting would be conducted in line with the RBA's [Competition Law Guidance](#).

## **2. Discussion of trading conditions in foreign exchange markets**

The Global Foreign Exchange Committee (GFXC) Chair noted that the GFXC would shortly issue a [Statement](#) (26 March) regarding upcoming month-end flows. Due to recent large movements in exchange rates and underlying asset markets, month-end rebalancing flows may be greater than usual. Market participants were also facing operational constraints from measures to contain the spread of Covid-19. The GFXC would encourage market participants to give appropriate consideration to market conditions in managing their transactions.

In this context, members noted that, where mandates allowed, some hedging would occur ahead of the month-end in an effort to reduce a concentration of flows at peak times.

The member from Deutsche Bank provided an update on market functioning. Using a range of publicly sourced data, it was noted that volumes had been higher in recent weeks, but that measures of market liquidity (such as bid-offer spreads) had deteriorated sharply. Similarly, the member from SSGA noted spreads in the spot market were at least three times wider than usual and spreads in one-to-three month forwards were possibly five times wider than usual.

Members noted that liquidity remained fractured around 9am (Sydney) but improved once Japanese markets opened. Some members expressed the view that central bank actions – including the use of US dollar swap facilities – may improve market functioning.

Members also discussed credit and operational considerations. Large movements in exchange rates values could lead to increased usage of credit lines. The lockdown in various jurisdictions was discussed, including how it may affect those reliant on back office functions to be performed by staff in those jurisdictions.

## **3. General Business**

The GFXC Chair noted that the GFXC's working groups (on which several AFXC members were participating) were being suspended for the next couple of months, given work pressures arising from the current circumstances.

It was also noted that with the re-establishment of a swap facility with the Federal Reserve, the RBA was now conducting US dollar repo operations in the domestic market.

## **4. Next meeting**

The next meeting would occur in late May, with the exact date to be confirmed later.

**Australian Foreign Exchange Committee**

**March 2020**