

Seminar 5

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Forward contracts specifications:

- Read the specification of the FX forward contract on the website: <https://www.kdbbank.eu/forward-rate-quotation>
- ON (Over Night), SN (Spot Next), SW (spot week), TN (Tomorrow Next)
- SN = T+3
- TN = buy tomorrow and sell next day
- ON = buy today, sell tomorrow
- SW = Buy today, sell 1 week later

IRPR function (Interest Rate Probability) and Central Bank Polls in Refinitiv

- Explore IRPR function (Interest Rate Probability) and Central Bank Polls in Refinitiv.
 - This application allows you to view interest rate change probabilities for a number of different countries, including meeting dates, applied rates, and probable actions.
 - Refinitiv provides centrally calculated probabilities and expected changes for several Central Bank target interest rates, implied from the market prices of interest rate derivatives.

Video: <https://www.lseg.com/en/training/learning-centre>

FX Forward calculator app

- Write FWDS in the search bar
- Write FX of your interest (e.g. EURGBP=)
- Calculate FX Forwards from rates
- Select your dates for calculating swap points and outright
- You can get deposit rate calculations from forwards and compare them with market interest rates
- Click on pause to stop the data update
- You can rewrite data
- Calculate rates from forward – notice spread between EUR implied deposit and EUR deposit

- Write EURFWD in the search bar (FX Polls – FX FWD curve)

- Source:
- <https://learningcentre.refinitiv.com/courses/fx-forward-calculator-fx-forwards-from-fx-forwards>
- Or go to: <https://www.refinitiv.com/en/learning-centre>
- Click on Watch videos and write FX Forwards Calculator App into the search bar

Problem

- Consider the following spot and forward rates for the EUR/JPY exchange rates:
- Is the euro at a forward premium or discount? What is the **annualized forward** premium or **discount** in percentage per annum for a 360-day year for the N-day **forward contract**?

Spot	30 days	60 days	90 days	180 days	360 days
146.30	145.75	145.15	144.75	143.37	137.85