

THOMSON REUTERS EIKON

Key Money Market Applications



Document History

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1. Rates View Money Market <RVMM>

The Rates Views and Money Market pages enable users to have an overview of all different information commonly used in the money market.

For example, here key money market rates as well as basic swaps and interest rate forwards for different tenors could be found.

In the Eikon Toolbar, search <RVMM> in order to open the application.

One can also search which country or sector they would like to view in particular.

The screenshot displays the Eikon Money Market Rates View interface. At the top, there is a navigation bar with tabs for Rates, Spread Matrix, Country Spreads, Butterflies, Spreads, Money Mkts (selected), Carry / RollDn, and Inflation. Below this is a Tradeweb logo and a series of dropdown menus for selecting regions: World, Dashboard, Majors, Latam, APAC, Europe, Mideast+Africa, Scandi, United States (selected), Germany, and Japan. Further down, there are more region-specific dropdowns for United Kingdom, France, Italy, Canada, and Switzerland.

The main content area is divided into several sections:

- Minj Mkt Rates:** A table with columns for instrument type (e.g., Bills, IBOR, Depos, OIS, FedFunds, CDs, Bas, Repos, FNMA DN) and various tenors (ON, Net, 1M, 2M, 3M, 6M, 9M, 1Y, Net). Values are shown in green for positive and red for negative changes.
- TRADEWEB CP:** A table showing CP AB \$ A1+P1, CP SOV A1P2, Basis Swaps, and 3M vs 1M USDIUSD and 6M vs 3M USDIUSD.
- IR Forward:** A table with columns for instrument type (e.g., 0X3, 1X4, 2X5, 3X6, 4X7, 5X8, 6X9, 9X12, IMM1, IMM2, IMM3, IMM4, CB Meet 1, CB Meet 2), Start, End, and various rates (IBOR, Net, OIS, FRA, IBOR-OIS, FRA-OIS).
- ED Price:** A table listing various interest rate derivatives (e.g., SEPS, DECS, MAR7, JUN7, SEP7, DEC7, MAR8, JUN8, SEPS, DECS, MAR9, JUN9, SEPS, DECS, MAR0, JUN0) with columns for Price, dPrice, CIsPrice, and Roll.
- SPOT:** A table showing spot rates for EUR (04/08), GBP (09/15), and JPY (66/74).
- CROSS:** A table showing cross rates for EUROGBP (0.54) and United States (04/09).
- Eq Index:** A table showing the D.Jones index with Last (18,372.12) and Net (24.45) values.
- BILLS, BONDS, STRIPS, IRS, FF, ECON:** A table showing various market indicators and key rates (e.g., U.S. DISCOUNT, FF TARGET, FF EFFECT, U.S. PRIME, U.S. DOLLAR IDX).

Throughout the interface, there are several hints: "Hint: right-click on a row to ..." and "Hint: right-click on a row to change CP".

2. Swap Pricer <SWPR>

How to price a new IRS deal

One way to price a new IRS deal is to use the Swap Pricer to set the different parameters in order to generate the fixed rate which should be paid by the fixed rate payer.

The screenshot shows the Swap Pricer Calculator interface with the following parameters and results:

- 1ST LEG (Pay):** USD, FIXED, Interest Rate, Notional. Element Type: Fixed, Pay Freq: Semi-Annual, Start/End Date: May 31, 2016 to Jun 1, 2021, Cpn./Accrued Type: Bond 30/360. Fixed Rate (%) is 1.3445 (highlighted in red). NPV/Premium: -65,527.00, Accrued: 0.00, Market Value: -65,527.00.
- 2ND LEG (Receive):** USD, FLOAT, Interest Rate, Notional. Element Type: Float, Pay Freq: Quarterly, Start/End Date: May 31, 2016 to Jun 1, 2021, Underlying/Reset Type: Fixing, Index Name/Fixing Date: LIBOR, May 26, 2016, Index Tenor/Reset Freq: 3M, Quarterly, Cpn./Accrued Type: MM Act/360. Spread (bp) is 0.00 (highlighted in blue). NPV/Premium: 65,527.00, Accrued: 0.00, Market Value: 65,527.00.
- SWAP RESULTS:** NPV: 0.00, Premium: 0.00, Par Rate (%): 1.3445, Principal Value: 0.00, Accrued: 0.00, Market Value: 0.00. Risk metrics include DV01: -481.29, Annuity: -487.37, Modified Duration: -4.74, BP DV01: -4.81.

In the Eikon Toolbar, type <SWPR> (PREVIEW SWPR)

As shown above, set the necessary parameters for

1. Currency type (must be collateralized as per new FRS specifications)
2. Swap Type
3. Structure
4. Notional
5. Solving for 1st Leg (Payer of fixed rate in this case)

See the fixed rate for today and the market value of the IRS today.

If a spread is to be imposed, it could be included as shown in the blue box above.

How to price an existing IRS deal

If either party wishes to cancel the IRS deal halfway through the tenor, the SWPR calculator could be used to calculate the penalty that should be paid (by other sign as shown by the sign of the NPV)

Here is an example that continues from the previous screenshot.

Assuming that the start date of the contract was on January 14, 2015, where a 2% fixed rate was agreed upon. Today is 26/5/2016.

The screenshot shows the Swap Pricer Calculator interface with the following details:

- Contract Details:** USD, Pay US Dollar Fixed 1M Semi-Annual Bond 30/360, Receive US Dollar Float 1M Quarterly MM Act/360 In Advance. Swap Type: Vanilla: Fixed - Float. Structure: American Semi-Annual Bond Basis vs 3-Mo... Tenor: 5Y. Maturity Date: Jan 14, 2020. Valuation Date: May 26, 2016. Start Date: Jan 14, 2015.
- Notionals:** Leg 1 Notional: 1,000,000.00, Leg 2 Notional: 1,000,000.00.
- 1ST LEG (Pay):** USD, FIXED, Interest Rate. Element Type: Fixed, Pay Freq: Semi-Annual. Start/End Date: Jan 14, 2015 to Jan 14, 2020. Cpn./Accrued Type: Bond 30/360.
- 2ND LEG (RECEIVE):** USD, FLOAT, Interest Rate. Element Type: Float, Pay Freq: Quarterly. Start/End Date: Jan 14, 2015 to Jan 14, 2020. Underlying/Reset Type: Fixing, In Advance. Index Name/Fixing Date: LIBOR, Apr 12, 2016. Index Tenor/Reset Freq: 3M, Quarterly. Cpn./Accrued Type: MM Act/360.
- Rate:** Rate USD LIBOR 3M: 0.62960.
- Spread:** Spread (bp): 0.00.
- VALUATION:** NPV: -33,543.69. Premium: -3.35. Par Rate (%): 1.1438. Principal Value: -26,954.63. Accrued: -6,589.06. Market Value: -33,543.69.
- RISK:** DV01: -344.56. Annuity: -391.76. Modified Duration: -3.33. BP DV01: -3.45.
- LEG RESULTS (1ST LEG):** Fixed Rate (%): 2.0000. NPV / Premium: -78,352.10. Market Value: -71,028.51.
- LEG RESULTS (2ND LEG):** NPV / Premium: 44,808.41. Market Value: 44,073.88.

Hence, in the SWPR, we would change the following information.

1. Change the start date to the date of the contract (here 14/1/2015)
2. Change the fixed rate agreed upon (i.e. 2%)
3. Change the “Solve for” to NPV
4. Find the NPV of the IRS. Here the value is negative and hence the payer of the fixed rate would have to pay for the cancellation of the IRS deal.

Similarly a spread could be added if needed.

3. STIR Futures <STIR>

STIR Futures (Short Term Interest Rate Futures) work in the same way as Forward Rate Agreements (FRAs) with one key difference.

Whereas FRAs are bought in the over the counter market and can be customized, STIR futures are exchange traded and hence cannot be customized.

In the Eikon Toolbar, search <STIR> in order to open the following application and enter the specific currency to find the futures available.

The screenshot displays the Eikon software interface for STIR Futures. It is divided into two main sections: Singapore Dollar and U.S. Dollar. Both sections show contract selection (e.g., SGD/SSD, USD/ED) and calculation parameters. Below these, there is a 'Synthetic Forward' section with 'Input Curves' and a table of futures data. The table includes columns for 'Period', 'Start', 'Futures', 'Last', 'Imp. Rate', and 'Rates' for different tenors (Short, Medium, Long). A 'Broken Dates' section is also visible at the bottom.

Period	Start	Futures	Last	Imp. Rate
M6	15 Jun 16	99.330	99.333	0.007
U6	21 Sep 16	99.200	99.205	0.008
Z6	21 Dec 16	99.100	99.105	0.009
H7	15 Mar 17	99.030	99.035	0.010
M7	21 Jun 17	98.965	98.970	0.010
U7	20 Sep 17	98.905	98.910	0.011
Z7	20 Dec 17	98.835	98.840	0.012
H8	21 Mar 18	98.785	98.790	0.012
M8	20 Jun 18	98.730	98.735	0.013
U8	19 Sep 18	98.680	98.685	0.013
Z8	19 Dec 18	98.620	98.625	0.014
H9	20 Mar 19	98.580	98.585	0.014
M9	19 Jun 19	98.535	98.540	0.015
U9	18 Sep 19	98.485	98.490	0.015
Z9	18 Dec 19	98.430	98.435	0.016
H0	18 Mar 20	98.385	98.390	0.016
M0	17 Jun 20	98.335	98.340	0.017
U0	16 Sep 20	98.280	98.285	0.017
Z0	16 Dec 20	98.225	98.230	0.018
H1	17 Mar 21	98.180	98.185	0.018

Futures usually trade during the IMM dates of March, June, September and December.

When hovering over the month in the ED Page in Quotes, (Press F4, type “ED:” and hit F3, a code such as EDZ6 could be seen. Here, Z is the month code and 6 represents the year (in this case 2016).

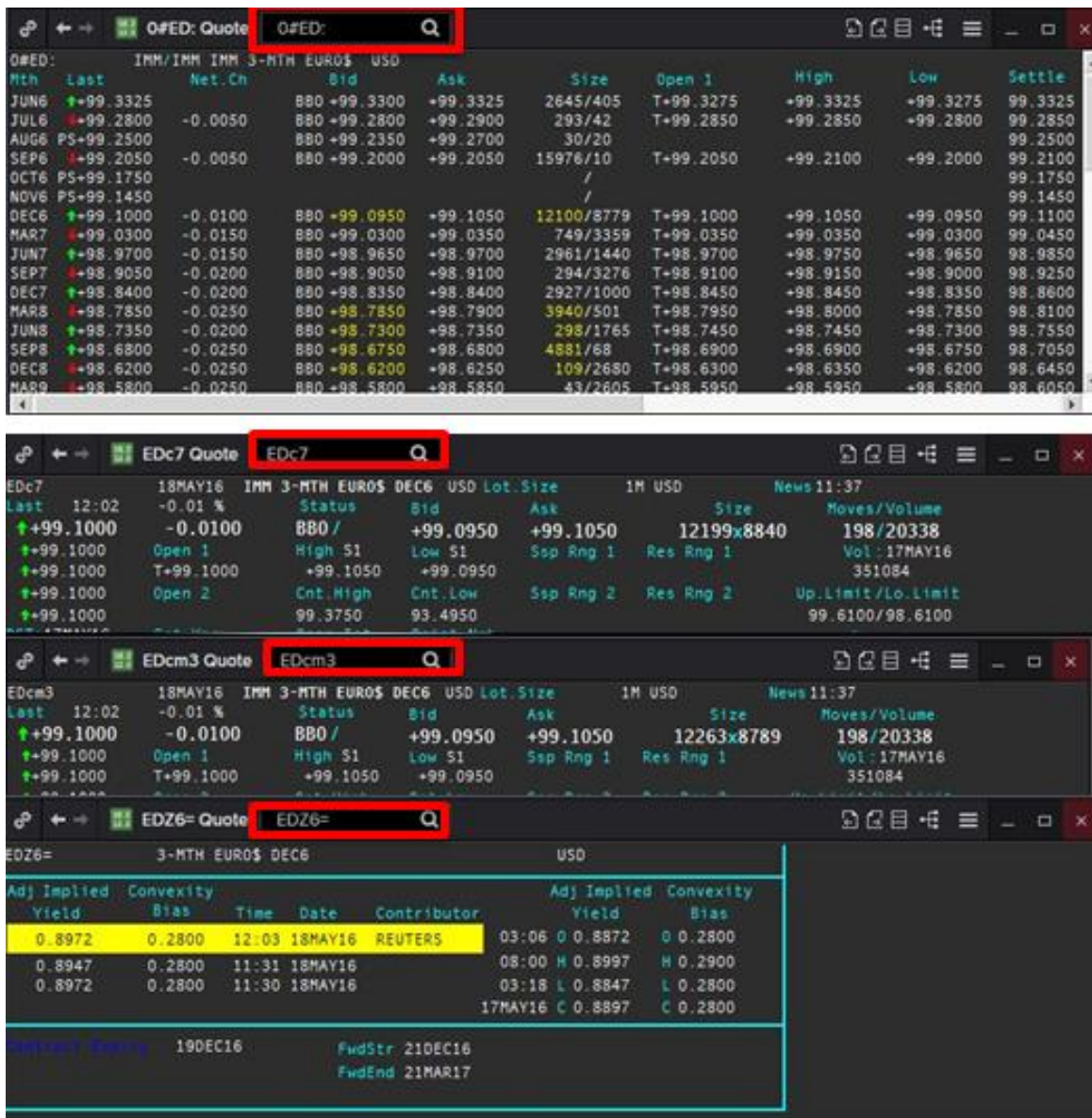
However, this is not the only way to generate information about the details of that contract. There are three different ways for us to generate the information.

<EDZ6>: Where Z is the month code and 6 is the last digit of the year

<EDcm3>: These are for IMM dates (the next quarterly contract) being cm1)

<EDc1>: These are for monthly contracts (the nearest monthly contract)

If <EDZ6=> is typed, a more detailed page could be obtained, as seen from the picture.



4. FRA Pricing <FRAP>

Eikon uses 2 main ways to price a FRA.

1. Futures
2. Zero Coupon Curve

In the Eikon Toolbar, search <FRAP> in order to open the FRA Pricing Calculator.

The screenshot shows the Eikon FRA Pricing calculator for Singapore Dollar (SGD). The currency is set to SGD, with a trade date of 23 May 2016 and a value date of 25 May 2016. The calculation parameters are set to 'Pricing From: Futures', 'Contract: SSD', and 'IMM Contracts'. The input curves section shows a cash rate of 0.813 and a stub rate of 1.747. The table below displays implied and real-time FRAs for various periods.

Period	Start Date	End Date	Implied FRAs	Real-Time FRAs
1X4	15 Jun 16	21 Sep 16	0.850	1.033
4X7	21 Sep 16	21 Dec 16	0.903	1.080
7X10	21 Dec 16	15 Mar 17	0.952	1.124
10X13	15 Mar 17	21 Jun 17	1.003	1.170
13X16	21 Jun 17	20 Sep 17	1.056	1.218
16X19	20 Sep 17	20 Dec 17	1.107	1.264
19X22	20 Dec 17	21 Mar 18	1.159	1.310
22X25	21 Mar 18	20 Jun 18	1.210	1.356
25X28	20 Jun 18	19 Sep 18	1.262	1.403
28X31	19 Sep 18	19 Dec 18	1.314	1.449
31X34	19 Dec 18	20 Mar 19	1.367	1.496
34X37	20 Mar 19	19 Jun 19	1.419	1.543
37X40	19 Jun 19	18 Sep 19	1.472	1.591
40X43	18 Sep 19	18 Dec 19	1.525	1.638
43X46	18 Dec 19	18 Mar 20	1.578	1.686

Here, enter the required currency as well as the method of pricing and the time periods necessary.

IMM Dates Convention

- H= March
- M= June
- U = September
- Z = December

These are the months that FRA contracts usually trade (each with 3 months tenors). Hence, although FRAs can commonly be traded in almost all months in a year, predominantly, a high number of trades occur during these months.

Implied FRAs is the bid and ask rate of interest that the FRA predict will be the spot rate at the date of maturity and hence would be the values used to trade.