

Reuters to launch Matching Product for Foreign Exchange Forwards Market

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LONDON--Reuters will launch a trading product for the foreign exchange forwards market on June 9, 1997. Dealing 2000-2 Forwards will be an extension of Dealing 2000-2, Reuters automated matching service for the spot market.

The forwards product has been tested with clients in the UK, US, Germany, France and Switzerland.

Dealing 2000-2 Forwards will enable dealers to post live bids and to match deals electronically for periods from "tomorrow/next" to one year. As with the spot product, Reuters will act as a broker in the wholesale interbank market.

Existing Dealing 2000-2 users require no new client site communications equipment for forwards matching. They will be able to trade seamlessly between spot and forwards on the same screen, customizing the number of spot and forwards lines.

Reuters will initially list dollar/mark forward swaps but expects to add other currency pairs in due course.

Rosalyn Wilton, Managing Director, Transaction Products, said: "Reuters is extending Dealing 2000-2 to forwards in response to customer demand. Reaction to testing has been very positive. We created the electronic matching market in spot foreign exchange five years ago when we launched Dealing 2000-2. The service provided clients with greater liquidity and reduced brokerage costs. Extending the advantages of automated dealing to the forwards market was a logical step for us."

According to the 1995 Bank for International Settlements survey of the foreign exchange market, daily turnover in forwards was US\$670 billion a day. The survey showed a 60 percent growth in forwards trading compared with 44 percent in spot.

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