Bloomberg
FOREX BRIEF Guide

Octavian Ionici, PhD
Kogod School of Business

Agenda

• Bloomberg Log On/Log Off
• Most Helpful Keys
• Data Content/Coverage
• FOREX Market
• FX Cross Rates, SPOT, FWD
• Libor Historical Data
• Covered Interest Rate Arbitrage
Where Are the Bloomberg Terminals Located?

**Location:** 5 in the FS Lab & 5 in the Mini Lab

**Bloomberg starts with 4 windows,** which allow you to view 4 displays simultaneously. The active screen shows a blue flashing cursor.

**Keyboard: Bloomberg has a colored keypad**

- The yellow function keys across the top represent different markets - each will bring up a similar main menu for that market. The green keys are action keys that execute your commands.

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Logging On/Logging Off?

**Log on to Bloomberg using the following method:**

- Press `<CONN DFLT>`
- Enter Username and Password.
- Press `<GO>`

**Log off of Bloomberg using the following method:**

- Press `<CONN DFLT>`

**Create a personal login:**

- Hit `<GO>` without entering a username or password.
- Follow instructions to provide information for an account. Supply a mobile number
- Stay near the terminal. Bloomberg will verify the account with a phone call before it is fully activated.
Here is a typical Login screen:

If you do not have a login name and want to set one up, leave the fields blank and hit <GO>.

BE SEEN.
Record and send video messages via the BLOOMBERG PROFESSIONAL® service.

To log on to the BLOOMBERG PROFESSIONAL® service, press the key.

The (green) key is necessary for navigation through the keyboard and the Bloomberg terminal.

The (red) key is necessary for navigation through the keyboard and the Bloomberg terminal.

The (blue) key is necessary for navigation through the keyboard and the Bloomberg terminal.

The (yellow) key is necessary for navigation through the keyboard and the Bloomberg terminal.

Right-heater dials, select (bluetooth) to connect specific settings, including:
- Market alerts
- Market alerts
- Market alerts
- Market alerts
- Market alerts

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MOST HELPFUL KEYS

<HELP> and <SEARCH> are two of the most helpful keys in Bloomberg, especially for people in learning process.

<HELP>: This key provides 3 important functions:

1. <HELP> as Screen Help: To understand what a given keyword or screen contains, just press <HELP> once to define terminology, formulas, and applications for that screen.

2. Press <HELP> twice to chat with Bloomberg's LIVE customer service. When the word "Message" is flashing at the top of the Bloomberg screen, it means a representative has responded to your question in email.

3. To view the reply, type HDSK <GO>. To display the entire message functions available on the Bloomberg, type MSGM <GO>.
Useful Bloomberg Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBC</td>
<td>Global currency market monitor</td>
</tr>
<tr>
<td>BC7</td>
<td>Corporate bond price/ yield calculator</td>
</tr>
<tr>
<td>BRLR</td>
<td>Libor yield curve matrix</td>
</tr>
<tr>
<td>CMDX</td>
<td>Global commodity prices and data</td>
</tr>
<tr>
<td>CN</td>
<td>Company specific news</td>
</tr>
<tr>
<td>CTM</td>
<td>Contract table menu</td>
</tr>
<tr>
<td>DES</td>
<td>Company description</td>
</tr>
<tr>
<td>EASY</td>
<td>A list of tips and shortcuts</td>
</tr>
<tr>
<td>ECST</td>
<td>World economic indicators</td>
</tr>
<tr>
<td>EE</td>
<td>Earnings estimate</td>
</tr>
<tr>
<td>FXC</td>
<td>Key currency rates</td>
</tr>
<tr>
<td>HP</td>
<td>Historical prices</td>
</tr>
<tr>
<td>LAST</td>
<td>A list of the last 8 functions used</td>
</tr>
<tr>
<td>MOSO</td>
<td>Most active options by exchange</td>
</tr>
<tr>
<td>MOST</td>
<td>Most active stocks</td>
</tr>
<tr>
<td>N</td>
<td>News headlines</td>
</tr>
<tr>
<td>NI LDC</td>
<td>Emerging markets news</td>
</tr>
<tr>
<td>OTD</td>
<td>Option description</td>
</tr>
<tr>
<td>RV</td>
<td>Relative value</td>
</tr>
<tr>
<td>SRCH</td>
<td>Custom bond search</td>
</tr>
<tr>
<td>TOP STK</td>
<td>Today's top stock headlines</td>
</tr>
<tr>
<td>WEAD</td>
<td>Global weather data</td>
</tr>
<tr>
<td>WCR</td>
<td>World currency rates</td>
</tr>
<tr>
<td>WEC</td>
<td>World total energy consumption</td>
</tr>
<tr>
<td>WEI</td>
<td>World equity indices</td>
</tr>
<tr>
<td>WPU</td>
<td>Global population and unemployment</td>
</tr>
</tbody>
</table>
Saving, Emailing, Exporting

You are able to save, email or export most of the content from Bloomberg.

To **Save** an image:
Click on the 'Export' drop down menu and select 'save screen as file', then type in a filename. Save to (G:) on the desktop or to a removable storage device.

To **Email** page snapshots:
Go to the page that you would like to email, type GRAB and press <GO>. You will then be prompted to enter your e-mail address. Press <GO> and fill out the rest of the information. The page will be sent as an attachment to your email address.

To **Export** a chart or table to Excel: Right click on the chart then select Copy Data to Clipboard. Open Excel spreadsheet and Paste it.
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BLOOMBERG NEWS

TOP <Go> Display today’s top business and financial headlines
NEWS <Go> See the day’s top news stories
BPO <Go> Tomorrow’s news today; Bloomberg page one
BBCO <Go> Display a menu of exclusive columns
SUMM <Go> Learn what other news organizations are reporting
CAL <Go> Look ahead with worldwide calendars of events
MAG <Go> Find BLOOMBERG® MARKETS® feature stories online

EQUITY MARKETS

TOP STK <Go> Display all the day’s top stocks stories
NI MOV <Go> See what is moving in the world’s markets—and why

SEARCHES

NI <Go> Create and save custom news searches
NI <Go> View a list of all news categories
(ticker) <Equity> Find news and research on a company
CN <Go> (name) <Help> Find news about a specific person

DIRECTORIES

CTR <Go> Search for Bloomberg contributors
BURE <Go> Find BLOOMBERG NEWS bureaus, reporters, and editors

CURRENCIES

TOP FRX <Go> Display all the day’s top currencies stories
NI GFX <Go> Monitor news stories and research reports

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DEBT MARKETS

TOP BON <Go> Display all the day’s top bonds stories
NI GBN <Go> Display Government-bond-market news and research
NI COR <Go> Display Corporate-bond-market news and research
NI MMC <Go> Display Mortgage- and asset-backed-bond news and research
NI MUN <Go> Display Municipal-bond-market news and research
TOP MUN <Go> Display all the day’s top municipal-bond news stories

COMMODITIES

TOP CMD <Go> Display all the day’s top commodities stories
TOP NRG <Go> Display all the day’s top energy stories
NI GCO <Go> Display headlines for global economies

ECONOMIES

TOP ECO <Go> Display the day’s top economy news stories
NI ECO <Go> Display economic news
NI GEI <Go> Display the day’s statistical releases
EU <Go> View the Economist Intelligence Unit

COMPANIES AND INDUSTRIES

TOP TECH <Go> Display all the day’s top technology stories
BBNI <Go> Search news by industry
BBEA <Go> Earnings analysis: positive and negative surprises
NI MNA <Go> Monitor the latest merger and acquisition news
(ticker) <Equity> Watch all nine Bloomberg Television networks, no television or satellite dish required
CWP <Go>

BLOOMBERG MULTIMEDIA

AV <Go> See one of world’s largest archives of interviews and news conferences
LIVE <Go> See and hear live breaking news events
VID <Go> Watch all nine Bloomberg Television networks, no television or satellite dish required

AMERICAN UNIVERSITY

Octavian Ionici, PhD
To Find Equities in an Industry: <EQUITY>

To Find A Company: <EQUITY> Type Name of Company
Current Interest Rate Outlook: <CORP>

Find Company’s Securities: <HD> <EQUITY> <RELS> <GO>
FOREIGN EXCHANGE MARKET

Spot Transaction

A "Single outright transaction involving the exchange of two currencies at a rate agreed on the date of the contract for value or delivery (cash settlement) within two business days" (BIS Triennial Bank Survey, Foreign Exchange and derivatives market activity in 2007).

Spot trades comprise about a third ($1 trillion) of daily FX trading and are used often by speculators who buy or sell a currency to express their view and profit on direction. Hedgers like corporations also use spot trades to fund accounts, pay foreign payables or convert foreign receivables to their home currency.

A spot rate represents the price of one currency in terms of another, and is expressed as a ratio. Since currencies are always quoted in pairs, it helps to know that the currency on the left is always fixed (equal to 1) and that the one on the right is variable. Therefore an FX quote tells us how much of the variable currency it takes to buy/sell the fixed. In market parlance, the fixed currency is known as the base (and may also be referred to as the commodity) currency, and the variable is the quoted or term currency. For example:

If EUR/USD is trading at 1.50, 1 EUR is worth 1.5 USD.
Put another way, it takes $1.50 USD to buy 1 EUR.

DXY Index Components

<table>
<thead>
<tr>
<th>Currency</th>
<th>Price</th>
<th>Change</th>
<th>%Change</th>
<th>EUR legacy</th>
<th>Price</th>
<th>Change</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>1.543</td>
<td>-.0228</td>
<td>-1.42</td>
<td>0.576</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JPY</td>
<td>0.0062</td>
<td>+1.0426</td>
<td>2.88</td>
<td>0.164</td>
<td>1.4967</td>
<td>+.0356</td>
<td>4.13</td>
</tr>
<tr>
<td>GBP</td>
<td>1.4732</td>
<td>-.0062</td>
<td>-0.42</td>
<td>0.0062</td>
<td>1.3284</td>
<td>+.0066</td>
<td>20.8%</td>
</tr>
<tr>
<td>CAD</td>
<td>1.6994</td>
<td>+.0302</td>
<td>1.83</td>
<td>0.1315</td>
<td>4.4551</td>
<td>+.0204</td>
<td>13.1%</td>
</tr>
<tr>
<td>SEK</td>
<td>0.0315</td>
<td>+.0056</td>
<td>1.78</td>
<td>0.0315</td>
<td>27.3981</td>
<td>+.1255</td>
<td>6.4%</td>
</tr>
<tr>
<td>CHF</td>
<td>89.772</td>
<td>+1.2770</td>
<td>1.46</td>
<td>89.772</td>
<td>0.0315</td>
<td>+.0056</td>
<td></td>
</tr>
</tbody>
</table>

Euro weight = Sum of above = 57.6%
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DXY <Index> The Dollar Index 1971-2009

Find A Currency: <CURNCY> <GO>

KEEP MORE OF YOUR MONEY BPF <GO>
CURRENCIES

Currency ticker symbols consist of 2 parts:

<table>
<thead>
<tr>
<th>Ticker Symbol</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLOOMBERGS TICKER</td>
<td>GBP (GB Pall)</td>
</tr>
<tr>
<td>DATABASE</td>
<td>[CURRENCY]</td>
</tr>
<tr>
<td>The ticker symbol is the ISO code, e.g. GBP for British Pounds (against USD)</td>
<td></td>
</tr>
<tr>
<td>The yellow colored database key [CURRENCY]</td>
<td></td>
</tr>
</tbody>
</table>

So the ticker symbol for British Pounds against US Dollars is GBP [CURNCY] [GO].

For your local rates:

WCV [GO], select the currency of interest and a new menu will appear. Simply select the area of interest to view all tickers. Cross rates are usually constructed by combining the 2 ISO codes, for example GBPJPY [CURRENCY] for the British Pound/Yen cross rate. To view all price sources you have access to enter the ticker followed by the function ALLQ [GO].

Also have a look at MRKT [GO].
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Understanding A Chart

Reading the Quote Line
Cross rates

Although any currency is technically a cross rate, the term generally refers to spot rates where the dollar is not one of the currencies stipulated. For example, if you are a company in the U.K. that imports goods from Europe, you are concerned with the value of the British Pound against the Euro, expressed as EUR/GBP. Here EUR is the base, GBP is the term, and there is no mention of USD. However, the value of a cross rate must equate with the value of each of the two currencies against the USD. For example:

If EUR/USD = 1.4344 and GBP/USD = 1.7719, then EUR/GBP must equal .809526

If it did not, the currencies would be mis-priced and there would be arbitrage. Arbitrage occurs when there is a price mismatch for like goods that can be exploited for risk-less profit. The like goods here are EUR/GBP and GBP/USD. Called triangular arbitrage here because three currencies are involved, it could go like this: say EUR/GBP was .75 instead of .80926. GBP would be considered overvalued vs. EUR, and hence undervalued vs. the USD. You could do the following:

Borrow 1 million USD, sell it and buy 564,365.93 GBP (1,000,000 / 1.779)
Take your 564,365.93 GBP and buy 752,487.91 EUR (564,365.93 / .75)
Take your 752,487.91 EUR and buy 1,079,368.66 USD (752,487.91 * 1.4344)
Pay back your USD for a risk-less profit of 79,368.66 (1,079,368.66 – 1,000,000)

Bloomberg Screen for SPOT Rates
“Transaction involving the exchange of two currencies at a rate agreed on the date of the contract for value or delivery at some time in the future (more than two business days later).” (BIS 2007).

Like spot, an FX forward is a transaction involving the exchange of one currency for another at a price agreed to now. The main difference is the value date is in the future, beyond the spot date. They are also called forward outrights because the currency is traded “outright” to a specific date and also to distinguish them from an FX swap or forward swap.

Because of the added time involved, forwards have increased settlement risk because more time means a greater chance of a counterparty defaulting, and interest rate risk.
### FX Forward Rate

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<table>
<thead>
<tr>
<th>Dates</th>
<th>PLS - Bid</th>
<th>Ask</th>
<th>EUR - Bid</th>
<th>Ask</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/10/19</td>
<td>1.01</td>
<td>1.02</td>
<td>1.00</td>
<td>1.01</td>
</tr>
<tr>
<td>09/10/19</td>
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**What is the chance that USDJPY will cross 100 before year end?**

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</tr>
<tr>
<td>12/10/19</td>
<td>1.01</td>
<td>1.02</td>
<td>1.00</td>
<td>1.01</td>
</tr>
</tbody>
</table>

**What is the chance that USDJPY will cross 100 before year end?**

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JPY 1-MO Interbank Deposit Rate - BID
JPY 1-MO Interbank Deposit Rate - ASK

Libor Historical Data
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Libor JPY Fixing Rate

SECURITY | TICKER | CURRENT | DATE | PREVIOUS | CHANGE | FREQ
---|---|---|---|---|---|---
25POT NEXT | JY005/N | .11750 | 06:48 | .11750 | .00000 | Intraday
31 WEEK | JY001W | .14125 | 06:48 | .14125 | .00000 | Intraday
42 WEEK | JY0005W | .15000 | 06:48 | .15000 | .00000 | Intraday
91 MONTH | JY001M | .16000 | 06:48 | .16188 | .00188 | Intraday
122 MONTH | JY002M | .24188 | 06:48 | .24437 | .00249 | Intraday
33 MONTH | JY003M | .33063 | 06:48 | .33250 | .00187 | Intraday
84 MONTH | JY004M | .42275 | 06:48 | .42500 | .00225 | Intraday
95 MONTH | JY005M | .47125 | 06:48 | .47250 | .00125 | Intraday
106 MONTH | JY006M | .53313 | 06:48 | .53375 | .00062 | Intraday
137 MONTH | JY007M | .93250 | 06:48 | .93500 | .00250 | Intraday
128 MONTH | JY00BM | .63625 | 06:48 | .64125 | .00500 | Intraday
139 MONTH | JY009M | .67900 | 06:48 | .68785 | .00885 | Intraday
1910 MONTH | JY010M | .71375 | 06:48 | .71790 | .00415 | Intraday
1011 MONTH | JY011M | .73563 | 06:48 | .73938 | .00375 | Intraday
101 YEAR | JY012M | .76875 | 06:48 | .77125 | .00250 | Intraday

Sec Gen replaces JFJ Bank as of 03/01/06

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BBA Libor JPY 1 Month Description

Ticker | JY0001M
Quoted | Yield 3rd %
Frequency | Intraday
Update Status | Latest data available from the source
Country | JAPAN
Currency | JAPANESE YEN
Last Update | 06:54
Trading Day | 24 HR MARKET
Source | British Bankers Association
History | Close Only

The fixing is conducted each day at 9.15 am (London time). The rate is an average derived from the quotations provided by the banks determined by the British Bankers Association. The top and bottom quartile is eliminated and an average of the remaining quotations calculated to arrive at fixing. The fixing is rounded up to 5 decimal places where the sixth digit is five or more. BBA Yen

American University
Octavian Ionici, PhD
Covered Interest Rate Arbitrage