

USD SOFR Vs BSBY Basis Swaps

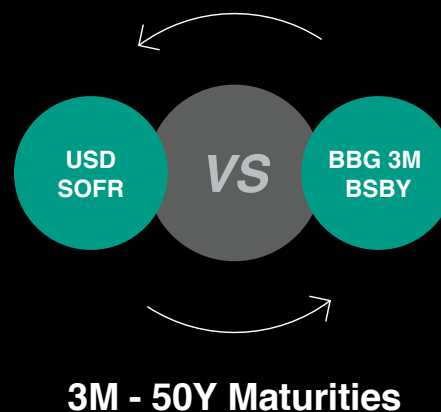
Following recommendations from global regulators to move away from LIBOR based industry benchmarks to a new set of alternative reference rates (ARRs) that better reflect true funding costs more heavily reliant on actual transactions, central banks and critical market participants around the globe are now urgently investigating and in some cases, already implementing alternatives such as the transaction-based Secured Overnight Financing Rate (SOFR) in the United States.

As a global Inter-Dealer Broker, Tradition is a key intermediary in facilitating transactions in the underlying products that are foundational to calculation of these new alternative reference rates. Using our leading SOFR data in combination with the Bloomberg Short-Term Bank Yield Index (BSBY), Tradition is now producing a SOFR vs 3month basis swap.

Tradition uses Repurchase Agreement (Repo) order and transaction data sourced from our leading USD Repo business in New York to create a forward prediction of the SOFR fixing. In addition to the use of USD Repo data, we take into account events such as end-of-month corporate tax days where demand for cash increases, producing a more robust forward looking curve.

BSBY includes a term structure and systemic credit-sensitive spread, which differentiates it from SOFR and may be used to support the market's transition from IBOR benchmarks to ARR. Bloomberg began publishing BSBY on an indicative basis in October 2020.

Our offering is available direct from TraditionDATA; on Bloomberg under TIRS/SOFR and Refinitiv under our Risk Free Rates package <SDFSDSSOFR> and Eikon chain <USDSR3BYBS=TDS>.



About us

TraditionDATA provides consistent, high-quality financial market data that reflect real price interest in global OTC swaps markets, covering FX & Money Markets, Interest Rate Derivatives, Credit & Fixed Income, and Energy & Commodities. Data can be delivered directly from Tradition or from one of our global or regional distribution partners. Please contact your local TraditionDATA sales person.

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