NEW ZEALAND FINANCIAL MARKETS ASSOCIATION INC ("NZFMA")

NZTW – "Trade Weighted Index" Market
Operating Rules and Principles for Contributors to Page NZTW (Refinitiv) and Page NZFMA Trade Weighted Index (Bloomberg)

Overview

NEW ZEALAND FINANCIAL MARKETS ASSOCIATION INC ("NZFMA")
OPERATING RULES AND PRINCIPLES FOR NZ TRADE-WEIGHTED INDEX – THE OFFICIAL TWI AND SANCTIONED BY THE RESERVE BANK OF NEW ZEALAND.

Definition

The TWI is based on the value of the New Zealand dollar (NZD) against the Australian, US, UK and Eurozone, etc. currencies (see "Input Process" section for complete list).

NZFMA will be responsible for providing the daily TWI calculation. This calculation will be based on data received at 2pm from The World Markets Company PLC (WM).

Each year the Trade-Weighted Indices are re-weighted. The Reserve Bank of New Zealand will publish the new weightings (an official announcement is made towards the end of December each year) and we will update our NZdata system to reflect those new weightings. These are available via Reuters page RBNZ20 (refer to Appendix for details on RBNZ20).

The TWI is 50:50 weighted according to:

1. each currency area's share of New Zealand's merchandise trade, normalised to 100%, and
2. each currency area's share of the combined nominated GDP of those five currency areas.

Input Process

NZFMA currently collects from The World Markets Company PLC (WM) the Mid, Bid and Offer rates as at 2pm for all New Zealand FX cross rates.

The TWI daily fixings utilises these seventeen (17) cross rates (Mid value) in its index calculations each business day:

NZD/GBP (Great Britain Pound Sterling)
NZD/EUR (Euro)
NZD/USD (US Dollar Exchange Rate)
NZD/CAD (Canadian Dollar)
NZD/AUD (Australian Dollar)
NZD/SGD (Singapore Dollar)
NZD/MYR (Malaysian Ringgit)
NZD/CNY (Chinese Yuan Renminbi)
NZD/HKD (Hong Kong Dollar)
NZD/TWD (Taiwan New Dollar)
NZD/THB (Thai Bhat)
NZD/PHP (Phillipino Peso)
NZD/INR (Indian Rupee)
NZD/JPY (Japanese Yen)
NZD/KRW (South Korean Won)
NZD/IDR (Indonesian Rupiah)
NZD/VND (Vietnamese Dong)

The TWI Weights are sourced from the Reserve Bank of New Zealand and calculated once a year in the process detailed above. The official release date of the weighting changes will be made available on the RBNZ advance release calendar, which is on the RBNZ website. In June each year they will post the date for the next December release. This allows NZFMA 6 months to update its system to reflect the new weightings. The link to the calendar is: https://www.rbnz.govt.nz/statistics/statistics-release-calendar. These processes will be added to the NZFMA Helpdesk Documentation.

System Process for collecting WM Refinitiv exchange rates

The file is downloaded each day using Secure FTP via a script installed as a scheduled task on the server. It is scheduled to download the file at 2:20pm daily and will notify the helpdesk on failure or if the file is unavailable.

The file is then downloaded and imported from a CSV file into NZdata System Database. From here this is treated like any other NZdata Market.

Please also note that the file is also emailed to NZFMA so this can be used as a back-up and to validate the data integrity from time to time.

Calculation Process

Once the file is downloaded and imported into the NZdata database a calculation agent is run at 14:45pm NZT based on the 2pm fixes. The market calculation delay is to accommodate for any unexpected delays in file delivery from The World Markets Company PLC (WM).

The NZTW Market is now ready to be calculated for the day.

The following formula is applied to the NZTW Market to calculate the TWI:

$$TWI = \left[\frac{AUDNZD}{AUD\ base}\right] AUS\ weight\ \ x\ \left[\frac{JPYNZD}{JPY\ base}\right] JPY\ weight\ \ x\ \left[\frac{USDNZD}{USD\ base}\right] USD\ weight\ x$$

$$\left[\frac{GBPNZD}{GBP\ base}\right]\ GBP\ weight\ x\ \left[\frac{EURNZD}{Euro\ base}\right] EUR\ weight\ \ \ x\ Scale\ factor$$

The RBNZ announce the changes in the weightings annually. We are in the process of setting up a communications procedure between RBNZ and NZFMA for notification of these changes.

Screen Display / Transition Process

We will provide on Refinitiv both "Page" (NZTW) based and "Record" (NZTWI-NZFA) based data for the daily TWI.

The currency data is a display of MID rates out to 5 decimal places and the TWI is displayed to one decimal place (rounded to one decimal place). It will be made available on Refinitiv, Bloomberg and Interactive Data.

The "Page" (NZTW) based record only displays the following five (5) cross rates (Mid value) due constraints on space allowed on Refinitiv's screens.

NZD/AUD (Australian Dollar)
NZD/EUR (Euro)
NZD/GBP (Great Britain Pound Sterling)
NZD/JPY (Japanese Yen)
NZD/USD (US Dollar)

A rolling 5 days of business data is displayed therefore, the top line in the screen will always display the current day.

Market Timing

Description	Times (NZT)
Market Clear down	N/A
Input times for WM file	13:50 – 14:45
Calculation / Publishing	14:46
Override Times	14:47 – 15:30
Market Reset Time	17:00

Note: Times may vary subject to market requirements

Record Breakdown

Instrument	Market	Description
AUDNZD	NZTW	Australian Dollar Exchange Rate
EURNZD	NZTW	Euro Exchange Rate
GBPNZD	NZTW	Great Britain Pound Sterling Exchange Rate
JPYNZD	NZTW	Japanese Yen Exchange Rate
USDNZD	NZTW	US Dollar Exchange Rate
AUDBASE	NZTW	AUD Base Rate (Never Changes)
EURBASE	NZTW	EUR Base Rate (Never Changes)
GBPBASE	NZTW	GBP Base Rate (Never Changes)
JPYBASE	NZTW	JPY Base Rate (Never Changes)
USDBASE	NZTW	USD Base Rate (Never Changes)
AUDWEIGHT	NZTW	AUD Weighting (Changes once a year)
EURWEIGHT	NZTW	EUR Weighting (Changes once a year)
GBPWEIGHT	NZTW	GBP Weighting (Changes once a year)
JPYWEIGHT	NZTW	JPY Weighting (Changes once a year)
USDWEIGHT	NZTW	USD Weighting (Changes once a year)
SCALAR	NZTW	SCALAR (Changes once a year)
TWI	NZTW	TWI

Market	Field	Description	FID
NZTW	CALC_DATE	Calculation Date	73
NZTW	CONTRIB1_MID	Mid Value for currency pairing	346
NZTW	TWI_CALC	TWI Calculation	500
NZTW	TWI	TWI Base Rate	501
NZTW	WEIGHT:1	Currency Weighting	502
NZTW	BASE:1	Currency Base Rate	503
NZTW	SCALAR	Scalar	504
NZTW	(static)	TWI Base Rate Setting Date	505

Permissions Structure

		NZFMA Members & *NZdata* Subscribers	ZFMA Non-Members & *NZdata* Subscribers
MARKET CODE	**DESCRIPTION**		
NZTW	**NZ Trade-Weight Index (NZTW)**	x	x

Note: Free to Air.

Appendix

NZTW & NZTWI=NZFA Pages:

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⬡ NZTW Quote    NZTW    🔍

14:46 07SEP22    NZFMA TRADE WEIGHTED INDEX (TWI)    NZ70394         NZTW
INDICATIVE NZFMA INDICES AS AT 2:00PM NZT

 DATE          TWI        USD       AUD       JPY       GBP       EUR

07-Sep-2022    70.3       0.60150   0.89580   86.15885  0.52390   0.60830
06-Sep-2022    71.0       0.61240   0.89715   85.98710  0.52840   0.61465
05-Sep-2022    70.7       0.60885   0.89720   85.33640  0.53015   0.61375
02-Sep-2022    70.3       0.60690   0.89385   85.06005  0.52565   0.60940
01-Sep-2022    70.5       0.60960   0.89505   85.04530  0.52640   0.60805

                                                                  SCALAR
 TWI WEIGHTS              (13.57)   (17.29)   (05.68)   (03.22)   (10.05)  77.1060

 BASE RATES               0.78320   0.88800   85.60220  0.48960   0.62130
 TWI = 76.40     31 October 2014

The exchange rates shown are provided by The World Markets PLC (WM) in
conjunction with Refinitiv. WM Refinitiv shall not be liable for any errors in o
delays in providing or making available the WM/Refinitiv exchange rates, nor for
any actions taken in reliance on the same.

For definitions & calculation details see:<NZTWINF001> <NZTWINF002> <NZTWINF003>
For the full TWI listing please go to <NZTWI=NZFA> and <NZDFIX=NZFA>
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NZTWI=NZFA Quote      NZTWI=NZFA      🔍

NZTWI=NZFA      NZFMA      WEL      NZTW
               DEALING

NZDTWI │ 70.3000                    │ 14:46

USD    │ 13.5700                    │ 14:46
AUD    │ 17.2900                    │ 14:46
JPY    │ 5.6800                     │ 14:46
GBP    │ 3.2200                     │ 14:46
EUR    │ 10.0500                    │ 14:46
CAD    │ 1.2700                     │ 14:46
SGD    │ 4.4700                     │ 14:46
KRW    │ 3.5300                     │ 14:46
TWD    │ 1.8100                     │ 14:46
PHP    │ 0.7300                     │ 14:46
VND    │ 1.6400                     │ 14:46
MYR    │ 2.0500                     │ 14:46
THB    │ 2.8400                     │ 14:46
IDR    │ 1.8500                     │ 14:46
INR    │ 1.7400                     │ 14:46
HKD    │ 1.2200                     │ 14:46
CNY    │ 27.0400                    │ 14:46

USD    │ 0.78320                    │ 14:46
AUD    │ 0.88800                    │ 14:46
JPY    │ 85.60220                   │ 14:46
GBP    │ 0.48960                    │ 14:46
EUR    │ 0.62130                    │ 14:46
CAD    │ 0.87710                    │ 14:46
SGD    │ 1.00070                    │ 14:46
KRW    │ 826.09410                  │ 14:46
TWD    │ 23.79020                   │ 14:46
PHP    │ 35.16340                   │ 14:46
VND    │ 16657.60670                │ 14:46
MYR    │ 2.57110                    │ 14:46
THB    │ 25.47190                   │ 14:46
IDR    │ 9495.69500                 │ 14:46
INR    │ 48.13630                   │ 14:46
HKD    │ 6.07350                    │ 14:46
CNY    │ 4.78970                    │ 14:46

TWI SF │ 77.1060                    │ 14:46
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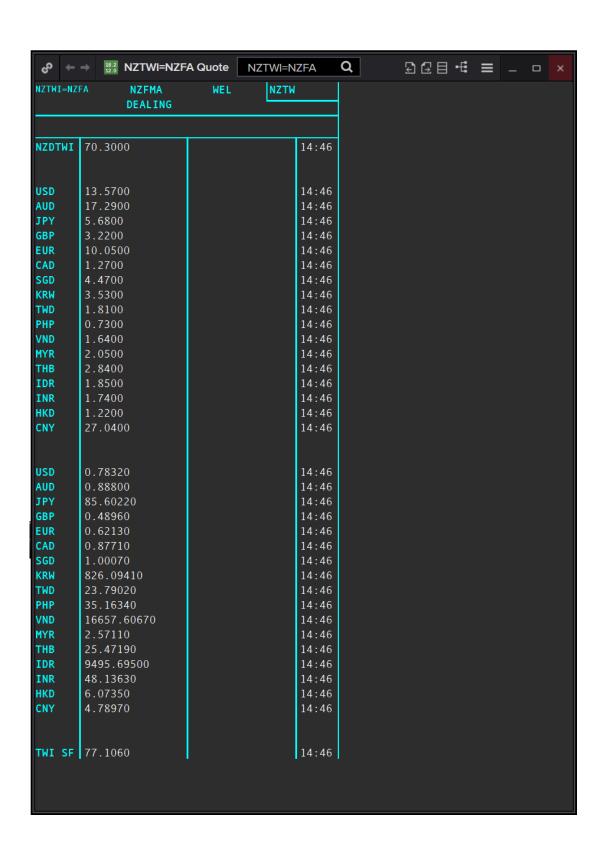
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NZTW Operating Rules & Principles