

**Dan Barnes** Welcome to Trader TV, your insight into institutional trading. I'm Dan Barnes. Asia Pacific is going through a revolution in automated fixed income trading. Joining me to discuss this trend is Laurent Ischi, Director of AiEX and Workflow Solutions at Tradeweb in Asia Pacific. Laurent, welcome to the show.

**Laurent Ischi** Great to be here.

**Dan Barnes** First of all, what's driving trading activity and automation in Asia Pacific bond markets?

**Laurent Ischi** I think there's a variety of things, Dan. One is the asset manager industry has seen an increased adoption of automation because they need to do more frequent and continuous rebalancings of their portfolios. The other thing that has been very exciting is we have seen an increased amount of hedge funds starting to adopt automation in the APAC region to trade swaps more efficiently. Last but not least, this has also led to changes on the dealer side which have started to automate their quoting capabilities as a response to that. So, to sum it up, essentially what we are seeing is some people use it to gain efficiency, while others are using it to implement particular trading strategies.

**Dan Barnes** And in which markets are you seeing the greatest levels of automation?

**Laurent Ischi** So, when I got to Singapore about two years ago, Australia did about 10-to-15% automation in terms of the trades done in Australian government bonds. Now we're at 40% plus; that has certainly been the biggest growth area. We've also seen big increases in JGBs and more recently in China government bonds, which we have started to roll out to customers earlier in the year. Now, we think that this is a trend that will continue and we've seen clients already adopting automation in swaps, CDS and other products. We also think that clients are looking ahead to other markets, so we know obviously that India is going into the index; while obviously the initial trading may be manual, they are definitely considering automation and how it's going to fit into that workflow. We also see automation for the Southeast Asia government bonds like Singapore, Malay, Indo and Thai.

**Dan Barnes** How is automated trading helping firms achieve their investment and their trading goals?

**Laurent Ischi** You can implement trading strategies that you couldn't otherwise necessarily implement. So, for example, systematic hedge funds, they like to use the automation because they can actually mirror what they do in other asset classes and they can expand it to RFQ based markets. On the other hand, with the asset managers, for example, they like automation because it's easy to do more with the same amount of people, or if people are off desk. They can benefit from scalability, right? It's a big topic in the industry: how can you do more with less or the same type of resources? Now, what's interesting there is they're using two trends; one-touch workflows where they take orders and say like "this order I want to automate, this order I want to trade manual" - but some actually going further and implementing certain no-touch workflows where they wouldn't actually even touch a certain type of order anymore just because they have confidence in automation capabilities and using them to the maximum possible.

**Dan Barnes** What do you see driving growth in the future?

**Laurent Ischi** So, greater index inclusion is definitely a big growth area which will give geographic expansion as well, right? And then in particular I think on the swap side and on the CDS side we're going to see more and more people adopting it; they are in principle liquid products where you can actually automate more and more because of the trend that we're seeing on the sell-side as well, where they are actually stepping up their automation capabilities. Last but not least, as mentioned before: Singapore, Thai, Indo, Malay guvies is something where we already see some automation. We think that there's going to be a lot more to come in the next year.

**Dan Barnes** A question I know a lot of traders will ask: how easy is it to integrate automation into the trading workflow?

**Laurent Ischi** In principle it's quite simple, and one of the reasons why I moved to Singapore from London is to be able to be in the region and help our customers do the automation and actually help them understand the workflows that we offer, and us understanding their workflow so that we can help them implement automation where it actually fits. It's very important to get the fundamentals right for these customers, but once they have started with a product that they're comfortable with, scaling it and expanding it to different products is very straightforward, and we're obviously here to help them through that process as well.

**Dan Barnes** Laurent, that's been great. Thank you so much.

**Laurent Ischi** Thanks, Dan.

**Dan Barnes** I'd like to thank Laurent for his insights today and, of course, you for watching. To catch up on our other shows, including Trader TV This Week at 6:45 a.m. UK time every Monday morning, go to [tradertv.net](http://tradertv.net).