



REUTERS/Gary Hershorn

PRICING BONDS IN VOLATILE MARKETS

THOMSON REUTERS PRICING SERVICE

Evaluated Fixed Income and Derivatives Pricing

DECEMBER 2017

The intelligence, technology and human expertise
you need to find trusted answers.



the answer company™

THOMSON REUTERS®

Agenda

- i. Thomson Reuters Pricing Service (TRPS) Overview
- ii. Volatile Markets – Commodity Price Crash 2015
- iii. Volatile Markets – TRPS Approach



Thomson Reuters Pricing Service (TRPS)

OUR GLOBAL COVERAGE INCLUDES:

- Government & Corporate bonds
- Money Markets
- Municipal bonds
- Bank Loans
- Convertible Bonds
- MBS & Securitized Products
 - Agency CMOs, RMBS, CMBS
 - Consumer ABS
 - European ABS
 - CLOs
- Full range of vanilla and complex credit, equity, interest rate and currency derivatives
- Thomson Reuters Pricing Service (TRPS) provides independent evaluated pricing of all major fixed income and derivative asset classes
- Pricing is performed using leading EJV fixed income analytics, and drawing on extensive real time market data and contributed broker information to ensure the most up to date market information is driving our valuations
- Data team of 4500+ in multiple global locations
- Valuations are performed by 175+ experienced fixed income professionals and support staff in 9 global locations (New York, London, Paris, Gdynia, Tokyo, Sydney, Bangalore, Beijing, Singapore)
- TRPS serves major institutional and alternative asset managers and financial companies worldwide. Our clients include over 1,000 global organizations in more than 50 countries

Fixed Income & Derivative Coverage

US Gov't / Agencies	23,000+	Canadian	16,000+
US Investment Grade	35,000+	Canadian MBS	10,000
US High Yield	3,500+	Emerging Market Debt	20,000+
US Convertibles	1,700+	European	110,000+
US Municipal bonds	1.2+ million	Asian	44,000+
MBS Pools	1+ million	OTC Derivatives	Priced on Customer Request
CMO / ABS/ RMBS	200,000+	CLOs	8,500+
Bank Loans	5,000+	CDOs	Priced on Customer Request
Money Market Securities	54,000+	Reverse Mortgage Backed	7,000

Volatile Markets – Commodity Price Crash

Glencore 1.625% 01/22 example

Glencore plc is an integrated producer and marketer of commodities, such as metals and minerals, energy products and agricultural products.

Glencore 1.625% 01/22 (XS1110430193):

- Issuer: Glencore Finance (Europe) Ltd
- Coupon rate: 1.625 %
- Amount Outstanding: 700,000,000 EUR
- Issue Date: 09/16/2014
- Issue Price: 99.238 %
- Maturity Date: 01/18/2022
- Redemption Price: 100 %

Volatile Markets – Commodity Price Crash

Glencore 1.625% 01/22 – Credit Spread



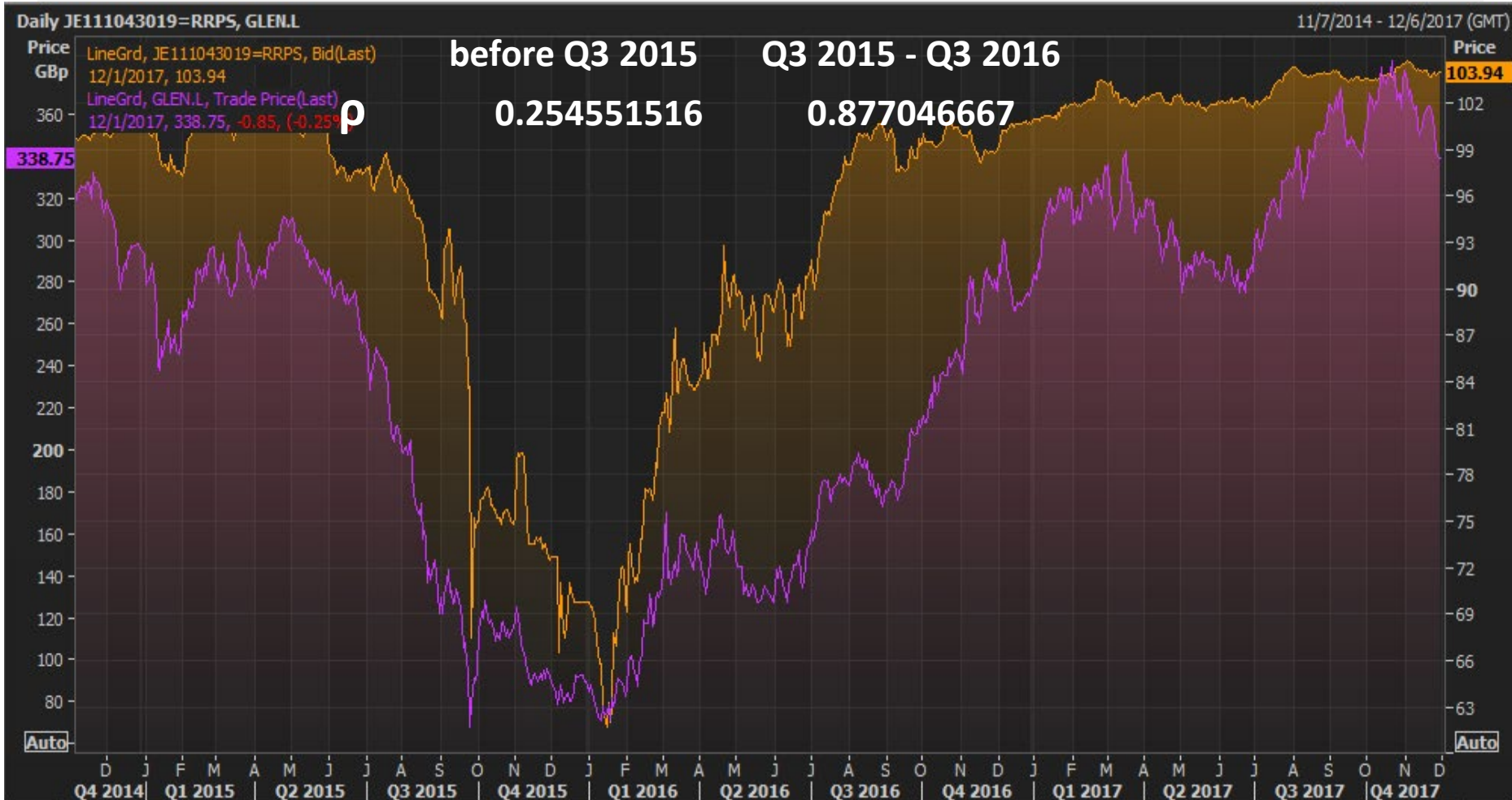
Volatile Markets – Commodity Price Crash

Glencore 1.625% 01/22 vs Brent Crude Oil & S&P GSCI-Precious Metals Index



Volatile Markets – Commodity Price Crash

Glencore 1.625% 01/22 vs Glencore common stock (GLEN.L)



Volatile Markets – TRPS Approach

TRPS APPROACH TO HANDLE INCREASED VOLATILITY INCLUDES:

- Monitoring news
 - Create alerts on certain issues/issuers
 - Ascertain the fundamental reason for the sharp change of price
 - Work with Editorials team
- Changing evaluation workflow to more manual process
 - Scrutiny over dealer quotes observed
 - Verifying consistency in moves among comparable securities
 - Performing more quality controls
 - Contacting “the street”
- Switching resources
- Looking at data more frequently
- Adjusting illiquid/unquoted bonds daily
- Putting out customer alerts

Volatile Markets – Commodity Price Crash

Glencore 1.625% 01/22 – TRPS Price vs Trading Platform

