



 nuware

Fixed Income

Innovative solutions to predict bond performance and trader behavior based on market movements

Key Highlights

■ Higher Accuracy in Prediction of Bond Performance

Plotted a liquidity score for trade by leveraging daily transaction data for bond security

■ Market Response to Trade

Monitors data & provides instantaneous market response to trade

■ Trading Trends and Metrics

Predicts current and future behavior and trends of dealers and markets

■ Target Right Dealers

Analysis and prediction points to the right dealer and the right time to make a deal

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Challenge

Inaccurate bond prediction.
Information latency



Solution

Higher accuracy in prediction.
Robust framework



Impact

Precise analysis. Instant market response to trade

Challenge

A leading Asset Management firm was looking for a solution to predict the performance of fixed income bond securities to trade. This solution would also need to predict trader behavior, bond volatility, market sentiment (bullish or bearish) and impact of trade imbalance on yield spread

NuSolution

- Initial assessment of the existing system indicated the need for a framework that could accurately predict the performance of fixed income bond securities to trade by leveraging daily transaction data and assigning liquidity scores
- A robust DIPP (descriptive, inquisitive, predictive and prescriptive) framework was implemented to understand trader behavior
- Robustness and generality of the model was validated through extensive testing – stress testing, scenario testing, in sample and out of sample testing

Impact

The new framework provided the client with a deeper insight into market trends, along with better transparency of performance metrics. The framework also helped to better predict the performance of future transactions, analyze volatility of bond performance and external market frictions. These features enabled the client to transact better with bonds, and with greater confidence