

Bloomberg announced the results of the **Bloomberg Dollar Spot Index (BBDXY)** and **Bloomberg Dollar Total Return Index (BBDXT)** rebalance for 2023. The new index weights will be effective on July 1, 2023.

The process relied on currently available data on trade weights published by the Federal Reserve and foreign exchange (fx) turnover data from the Bank for International Settlements (BIS) Triennial Survey.

Some notable changes occurred with this rebalance:

- **The Singapore dollar was included as the 12th currency in the basket (2.61% target) for the coming year.** Singapore qualified for selection when it climbed into the top ten of liquid trading currencies of the most recent release of the BIS Triennial Survey.
- The inclusion of the Singapore dollar and the rise in the trading of the Canadian dollar resulted in reduced exposure to several currencies, particularly the euro (-1.84%) and the Japanese yen (-0.69%). Emerging market exposures increased to 27.2% of the basket from 24.3% previously.
- Currencies from the Asia-Pacific region now constitute 35.0% of the basket, an increase of over 1.6% from last year's target of 33.4%. European currencies remain the largest weight at 44.1%. The Canadian dollar and the Mexican peso combine for the remaining 20.9%.
- Given the recent move to use 1-month currency forwards within the Bloomberg Dollar Total Return Index (index change 4/1/2023), the currency weights will now drift intra-month, but reset to the target during the monthly rebalance. The Bloomberg Dollar Spot Index will continue to maintain the weights daily.

ESTIMATED CURRENCY TARGET WEIGHTS FOR THE BLOOMBERG DOLLAR SPOT and TOTAL RETURN INDICES

Currency	Ticker	July 2023- June 2024	July 2022- June 2023	Difference
Euro	EUR	29.14%	30.98%	-1.84%
Japanese Yen	JPY	12.82%	13.51%	-0.69%
Canadian Dollar	CAD	11.55%	10.95%	0.59%
British Pound	GBP	10.16%	10.55%	-0.39%
Mexican Peso	MXN	9.31%	9.17%	0.14%
Chinese Renminbi	CNH	7.00%	7.00%	0.00%
Swiss Franc	CHF	4.81%	4.98%	-0.17%
Australian Dollar	AUD	4.35%	4.77%	-0.42%
South Korean Won	KRW	3.27%	3.33%	-0.06%
Indian Rupee	INR	2.73%	2.68%	0.05%
Singapore Dollar*	SGD*	2.61%	0.00%	2.61%
Taiwan Dollar	TWD	2.25%	2.07%	0.18%

* added back into the index for the first time since 2013

Source: Bloomberg. Subject to change, Methodology currently caps Chinese Yuan exposure at 7%.

Glossary

Bank for International Settlements (BIS) Triennial Survey: the most comprehensive source of information on the size and structure of global over-the-counter (OTC) markets in foreign exchange (FX) and interest rate derivatives. Bloomberg Dollar Spot Index (BBDXY): Tracks the performance of a basket of developed and emerging market currencies against the U.S. dollar. One cannot invest directly in an index. Bloomberg Dollar Total Return Index (BBDXT): Seeks to provide exposure to the U.S. dollar against a broad basket of developed and emerging market currencies based on global trade flows and liquidity measures. The Index also incorporates levels and differences in short-term interest rates between the U.S. and the countries (or regions) represented by the foreign currencies. One cannot invest directly in an index. Foreign exchange (fx) turnover: In the foreign exchange world, turnover is the total money value of all executed transactions in a given time period. The term can also apply to portfolio management, in that it measures how long a fund or investor holds on to the stocks after it is purchased.

WTGM-4498