

Abstract:

We analyze foreign exchange (FX) trading on World Cup game days compared to "normal" days. The FX market has an institutional feature that allows participants to shift their trading needs to a counterparty bank so that the bank executes the trades at the London 4 p.m. fix. This "trade-shifting" allows clients to avoid actively managing their trades and spend more time on World Cup-related events. We document this behavior in two different data sets (from EBS and CLS) and interpret our results in the context of the literature on limited attention in financial markets.