# Proposal

Cai Jiayu

1. Project description

Cross currency basis swap is a floating/floating swap through which two counterparties exchange different currencies. The EURUSD basis has been negative and more volatile since 2008. This project tries to predict the changes of 2y EURUSD basis by determining effective features.

2. Features

- **US Dollar Index** published by ICE which indicates the dollar strength in the spot FX market
- **Reverse Yankee issuance** which is the non-USD debt issued by US companies
- **USD FRA/OIS spread** which indicates credit risk
- **Spot FX rate and forward FX rate between EURUSD**
- **Policy rates like federal effective rates**

3. Methods

Try KNN/logistic/SVM to choose a better model.