

AUD / CAD / CHF / EUR / GBP / JPY / NZD / USD





























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Swiss Forex Bank & Marketplace

# Market Research



**27/08/2018**

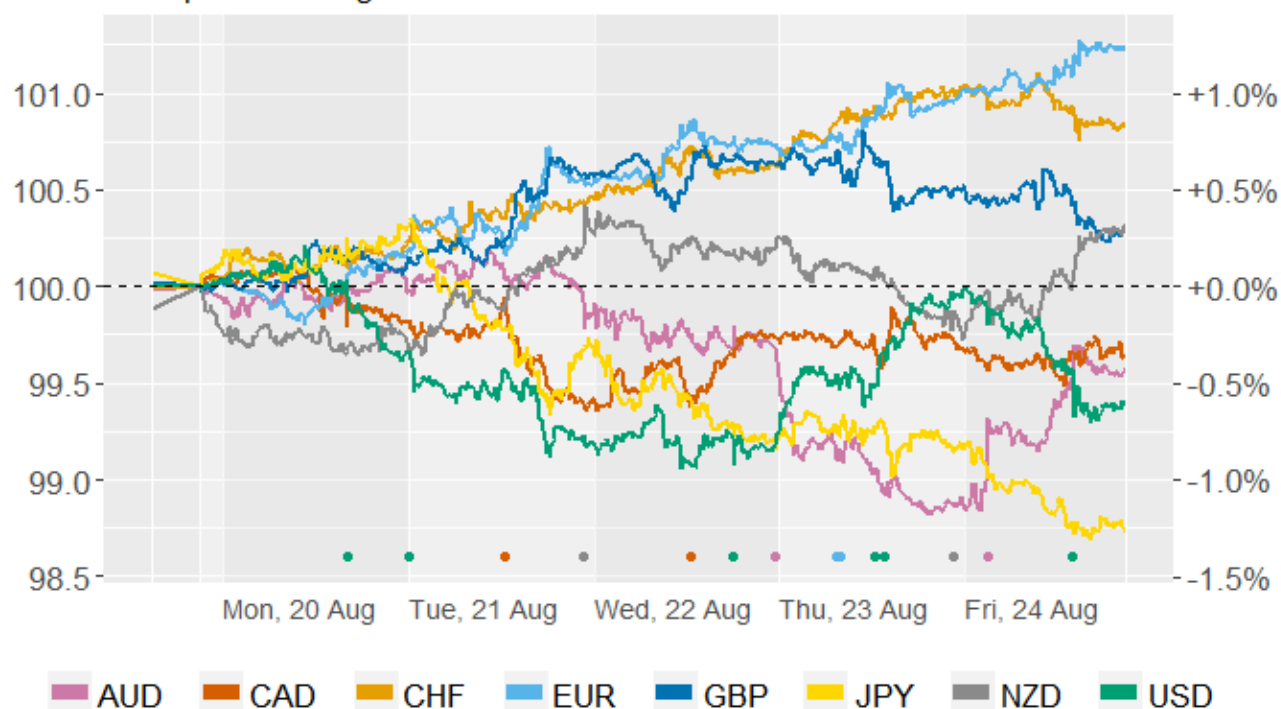
## Major Events of the Week

Date	GMT	Flag	CCY	Event	CI Change	Volatility
Mon, 20 Aug	16:00			President Trump Headlines	-0.18 pp	0.044%
Tue, 21 Aug	00:00			President Trump Headlines	-0.21 pp	0.037%
	12:30			Wholesale Sales	-0.23 pp	0.032%
	22:40			Retail Sales	+0.21 pp	0.056%
Wed, 22 Aug	12:30			Retail Sales	+0.06 pp	0.034%
	18:00			FOMC Meeting Minutes	-0.14 pp	0.040%
	23:30			Australia Liberal Party Leadership Spill	-0.59 pp	0.045%
Thu, 23 Aug	07:30			German Flash Manufacturing, Services PMI	+0.05 pp	0.021%
	08:00			EZ Flash Manufacturing, Services PMI	-0.08 pp	0.023%
	12:30			Unemployment Claims	-0.01 pp	0.037%
	13:40			Flash Manufacturing, Services PMI	-0.05 pp	0.039%
	22:40			Trade Balance	-0.14 pp	0.034%
Fri, 24 Aug	03:00			Australia's New PM Elected	+0.32 pp	0.082%
	14:00			Fed Chair Powell's Speech	-0.24 pp	0.063%

## Currency Indexes

### Currency Indexes

Base price: 19 Aug 2018 21:00 GMT



## Currency Index Change, %

Period	AUD	CAD	CHF	EUR	GBP	JPY	NZD	USD
1W	-0.42	-0.37	0.83	1.23	0.30	-1.28	0.32	-0.62
4W	-0.62	0.71	1.89	0.20	-1.75	0.22	-1.19	0.53
26W	-1.76	2.57	0.34	-0.54	-3.66	1.17	-4.00	5.88
MTD	-0.81	0.49	1.48	-0.03	-1.74	1.22	-1.21	0.61
QTD	-0.57	1.71	1.48	0.06	-2.38	0.06	-0.99	0.64
YTD	-3.84	-0.92	2.47	-0.35	-2.31	4.81	-3.29	3.43

### North America: USD, CAD

The USD Index posted its second weekly loss in a row, this time spending the whole period below the baseline. The Greenback's measure opened the week almost exactly where it closed the preceding Friday and seemed glued to the baseline for the day, but slipped below the mark after it was reported that President Trump criticised The Fed Chair Powell's monetary policy decisions at a fundraiser on Friday. The USD Index lost 0.18 pp in half an hour and continued to edge south until another sharp drop at the start of the Asian session. The move was again fueled by Donald Trump's remarks on the Fed, this time in an interview with Reuters, as the US President reiterated his displeasure with the recent rate hikes. The comments pushed the USD Index to lose 0.21 pp in the first 40 minutes of trading, and the measure stabilized around the -0.50% level. The index fell further to -0.80% in the afternoon, and reached its week's low of -0.95% on Wednesday, after which its recovery was interrupted by the FOMC Meeting Minutes, which cited the committee's concerns over the trade dispute and the yield curve, and added to the uncertainty regarding the expected December hike. Thursday's fall of the Aussie's gauge, however, set the USD Index back on the up course, and the index reached the baseline by the end of the day. Nevertheless, the measure failed to extend the move to Friday, and fell back below the -0.50% line. The index then crossed the mark with Jerome Powell's speech at the Jackson Hole Symposium, losing 0.24 pp in the week's sharpest 10-minute drop as the Fed's Chair appeared less hawkish than expected, and ended up at the second-worst performer's position.

The Loonie's measure also finished the week below the baseline, thus ending the strengthening period it started in the last week of June. Notably, in the past week the CAD Index was moving largely in line with its US peer, as both gauges were sliding down on Monday and Tuesday and trying to stabilise on Wednesday. The measures desynchronised in the last two day of the week, when the CAD Index remained flat among strong opposite movements of the Greenback's measure and the Antipodeans' gauges. As a result, the Loonie's index posted a moderate loss of 0.37%, erasing the gains it added to its long-term readings in the previous period.

### Europe: EUR, GBP, CHF

The European currencies were the ones to dominate the appreciation area, as the Euro's, and the Swiss Franc's, and the Pound's indexes were climbing up against the background of the weakening of the Greenback's measure and the Asia-Pacific gauges.

The EUR and the CHF Indexes were climbing up steadily throughout the week, moving on par until the Franc's measure fell behind in Friday afternoon. With that the Euro's measure finished the week 0.30 pp above its Swiss peer, but the CHF Index still remained far ahead the single currency's gauge on the long-term basis.

Meanwhile, the Pound's measure was less straightforward in its behavior. On Tuesday, the GBP Index briefly overtook its peers as the market was anticipating the joined press conference of the chief Brexit negotiator Barnier and the UK Secretary of State Raab. The officials indicated that the October deadline set for reaching a deal could be extended, but there was no further reactions from the GBP Index as it remained flat until it joined the Euro's measure's climb. The Pound's measure diverged from its European peers on Thursday, when it first peaked with Raab's Brexit speech, but then tumbled as the market digested the notes released by the UK Brexit Department, which presented contingency plans for the no-deal Brexit scenario. The GBP Index fell to the +0.50% mark, and lost more ground on Friday, but still posted its first weekly gain after five weeks of negative results.

### Asia-Pacific: JPY, AUD, NZD

The Aussie's measure was the most active one among the Asia-Pacific indexes, as it spent most of the week being governed by the leadership spill in the Australian Liberal Party. The AUD Index lost ground on late Tuesday and was going south till early Friday. Its sharpest fall took place in Thursday's Asian trading, when pressure stated building up for another leadership ballot, and the Aussie's gauge lost 0.55 pp in two hours. The downslide was stopped on Friday, when the new Prime Minister was chosen, helping the AUD Index add 0.32 pp in the week's sharpest 10-minute jump. The measure continued to grow later in the day, erasing most of its losses and ending up as the week's third-worst performer.

The NZD Index was the only commodity-related measure to post a weekly gain. It the Kiwi's gauge's second positive week in a row, but the index's long-term change remained below zero on all observed timeframes.

The Yen's gauge, in turn, seemed to completely surrender to the European currencies as it failed to gain support from either the Greenback's weakness or the Australian political turmoil. The JPY Index posted its greatest weekly loss since early March, becoming the period's worst performer, though it still posted solid results on the MTD and YTD basis.

## Volatility

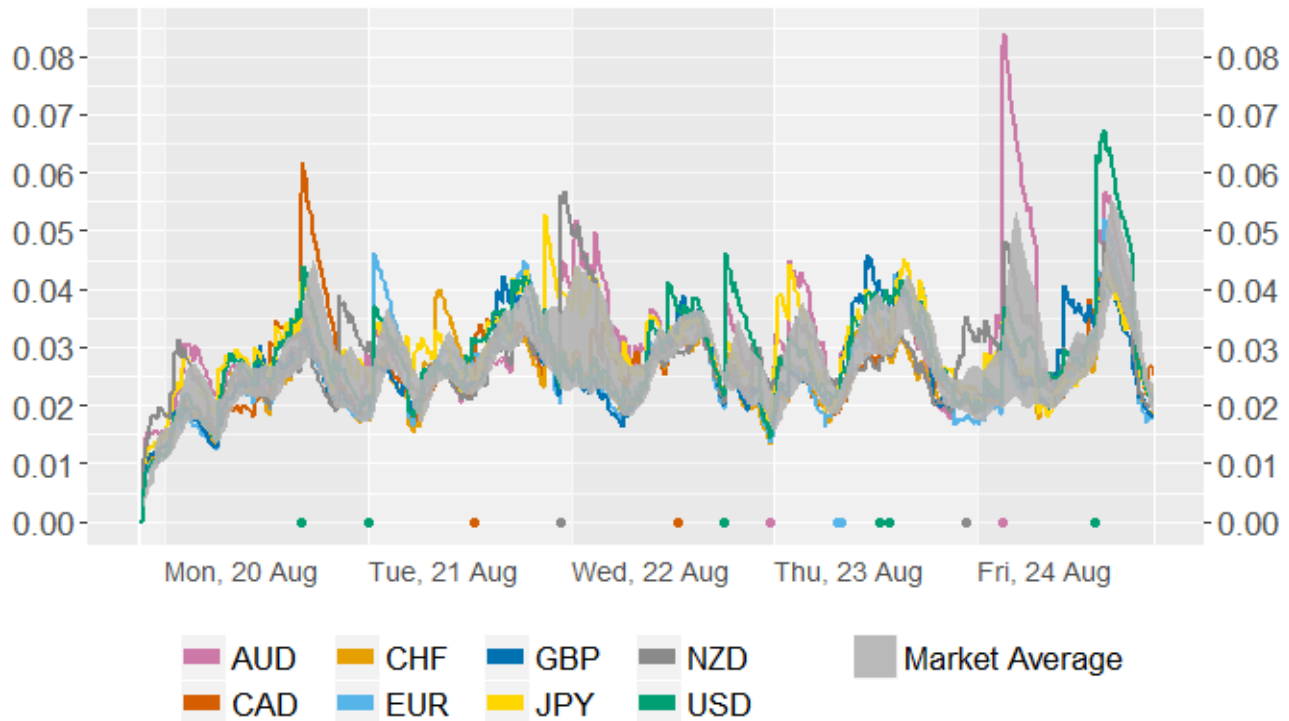
### Volatility Medians, %

Period	AUD	CAD	CHF	EUR	GBP	JPY	NZD	USD
1W	0.028	0.025	0.025	0.025	0.024	0.029	0.028	0.028
4W	0.027	0.026	0.024	0.023	0.026	0.030	0.028	0.028

After the relatively turbulent previous period the observed volatility readings returned to the generally subdued levels of the past month. Volatility medians split the majors into two groups, with the Europeans and the Loonie posting the values of 0.024-0.025%, and the Asia-Pacific currencies and the US Dollar reporting median turbulence of 0.027-0.029%.

## Volatility, %

Based on up to 240 10-minute rates



### North America: USD, CAD

#### Major Volatility Peaks by Pair (%): North America

Event	CCY	AUD	CAD	CHF	EUR	GBP	JPY	NZD	USD
FOMC Meeting Minutes	USD	0.067	0.049	0.037	0.052	0.041	0.027	0.051	0.046
Fed Chair Powell's Speech	USD	0.088	0.056	0.045	0.078	0.065	0.042	0.068	0.063

The Greenback's moves fuelled two prominent volatility peaks during the week, and both of them were related to the monetary policy. Thus the USD Index's zigzagging move after the release of the FOMC Meeting Minutes on Wednesday pushed its volatility aggregate to 0.046%, while its tumble in response to the Fed Chair's speech on Friday prompted a spike to 0.063%. Both peaks were similar in the individual pairs' input, with the highest volatility reported by AUD/USD, NZD/USD, and EUR/USD.

### Europe: EUR, GBP, CHF

#### Major Volatility Peaks by Pair (%): Europe

Event	CCY	AUD	CAD	CHF	EUR	GBP	JPY	NZD	USD
Secretary of State Raab's Speech	GBP	0.044	0.040	0.040	0.032	0.045	0.059	0.040	0.059
Fri, 24 Aug, 10:20 GMT	GBP	0.037	0.044	0.042	0.036	0.041	0.041	0.038	0.046



Unsurprisingly, the GBP Index's end-of-the-week jumps and falls also made for solid volatility peaks. Thus Thursday's jump put the Pound's aggregate volatility to 0.045%, and the subsequent fall held it above the 0.040% mark for almost two hours. Friday's dip and jump, in turn, resulted in a 0.041% peak. In both cases the highest volatility readings among the individual pairs were reported by GBP/USD. The first peak, however, was also largely fuelled by GBP/JPY, while in the second above-average values were posted by GBP/CAD and GBP/CHF.

## Asia-Pacific: JPY, AUD, NZD

### Major Volatility Peaks by Pair (%): Asia-Pacific

Event	CCY	AUD	CAD	CHF	EUR	GBP	JPY	NZD	USD
Retail Sales, Core Retail Sales	NZD	0.074	0.054	0.056	0.049	0.050	0.056	0.056	0.055
Australia Liberal Party Leadership Spill	AUD	0.045	0.031	0.051	0.038	0.038	0.068	0.034	0.052
Trade Balance	NZD	0.029	0.036	0.037	0.033	0.034	0.038	0.035	0.041
Australia's New PM Elected	AUD	0.082	0.072	0.090	0.076	0.082	0.093	0.069	0.092

The Kiwi was the only major to form prominent volatility peaks in response to macroeconomic releases. The first of such peaks was fuelled by the NZD Index's jump at the better-than-expected retail sales data, which raised the market's optimism about the Q2 GDP. The currency's aggregate shot to 0.056%, with its largest portion coming from AUD/NZD with the reading of 0.074%.

A much more modest peak marked the NZD Index's mixed reaction to the trade balance release. While the data came in better-than-expected, it still showed New Zealand's trade deficit widen to a nine-year high, and the Kiwi volatility aggregate climbed to 0.035%. Here AUD/NZD reported the lowest turbulence.

Meanwhile, the Aussie's volatility got its greatest pushes from Australia's political turmoil. Thus Thursday's fall of the AUD Index prompted the aggregate volatility to jump to 0.045%, while Friday's surge put the turbulence measure to 0.082%. In both cases the sharpest reactions came from AUD/JPY, AUD/CHF, and AUD/USD.

## Currency Pair Correlations

The US Dollar's weakness seemed to be the main driver of the developments in the correlation combinations selected for the period.

Thus correlations between the Greenback's pairs with the European and the Antipodean currencies extended the pattern of strengthening observed on the monthly distributions. Such was the case with NZD/USD correlations with EUR/USD and GBP/USD, and AUD/USD correlations with EUR/USD and GBP/USD.

Similarly, correlations between EUR/USD and GBP/USD pushed their weekly distribution further into the extremely strong levels, cutting its weaker tail above the 0.50-point mark.

Meanwhile, weekly correlations between GBP/JPY and USD/JPY were the only ones to report a weakening compared to the long-term readings, with their median falling below the significance mark of 0.50 points.

## Rolling Correlations



1W

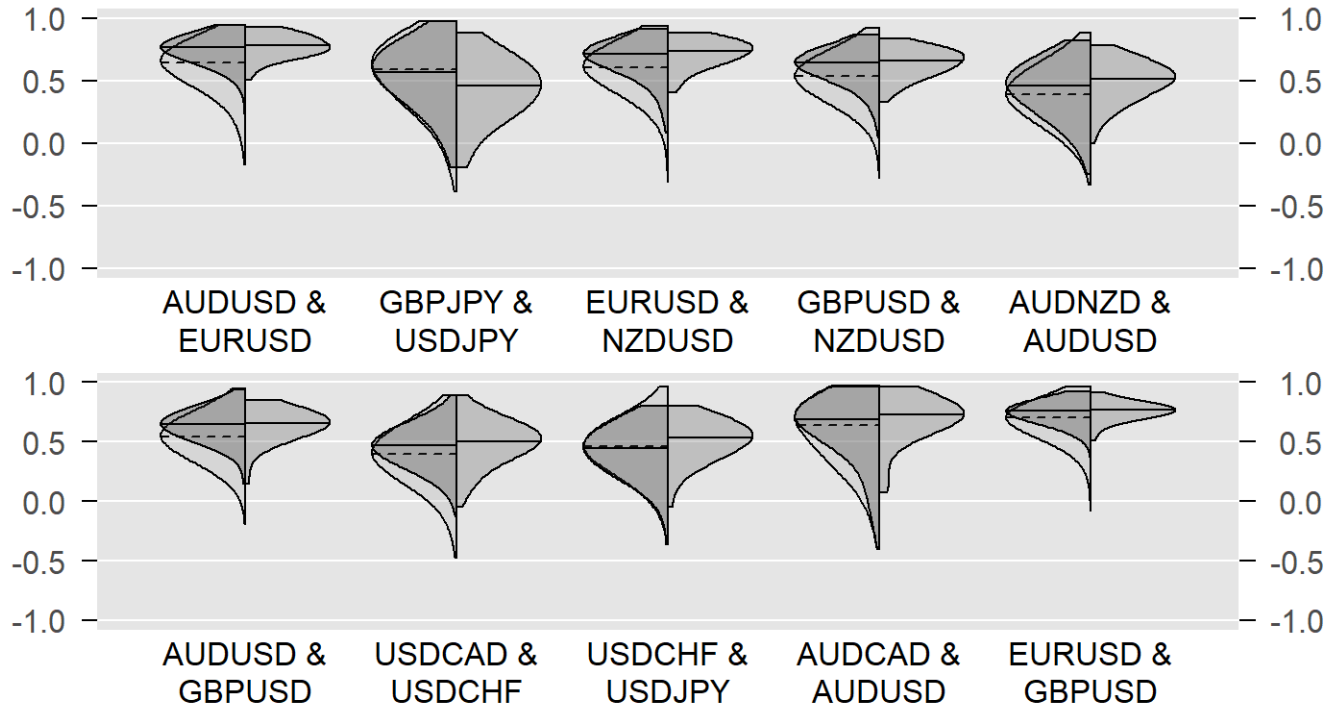


4W

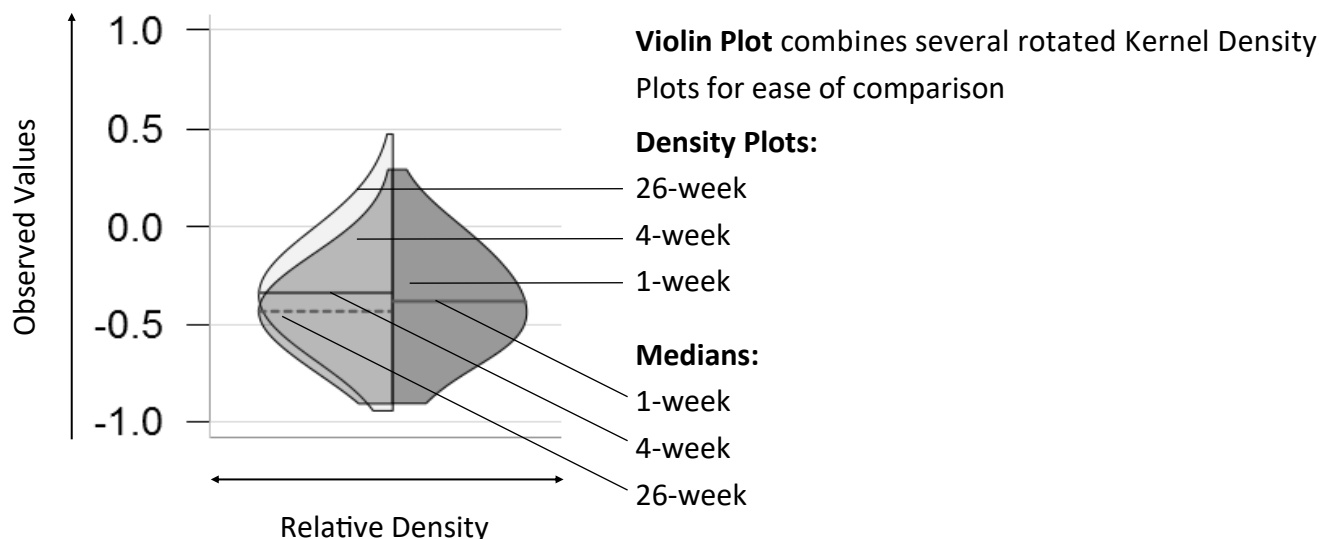


26W

Based on 50 10-minute returns



## Explanations



## Additional Information

### Newest releases and archive:

Fundamental Analysis  
Technical Analysis  
Market Research  
Expert Commentary  
Trade Pattern Ideas  
Quarterly Report  
Articles

### Additional sources:

Market News & Research  
Live News Feed  
Live Webinars  
Daily Pivot Point Levels  
Economic Calendar  
Daily Highs/Lows  
SWFX Sentiment Index  
Movers & Shakers FX  
Forex Calculators  
Currency Converter  
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