



USD

17/11/2014



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

November 11

08:00 - 22:00

- US Redbook Index
- RBNZ Financial Stability Report, Governor Speech

Turquoise Area

November 12

07:00 - 17:00

- UK Claimant Count, Average Earnings, ILO Unemployment Rate
- BoE Quarterly Inflation Report, Governor Speech
- US Wholesale Inventories

Blue Area

November 13

01:30 - 17:00

- RBA Assistant Governor Speech
- REINZ House Price Index
- German CPI, HICP
- ECB Monthly Report
- US Jobless Claims

Purple Area

November 14

13:00 - 20:00

- US Retail Sales, UoM Flash Consumer Sentiment Index, Business Inventories

USD Currency Index Range

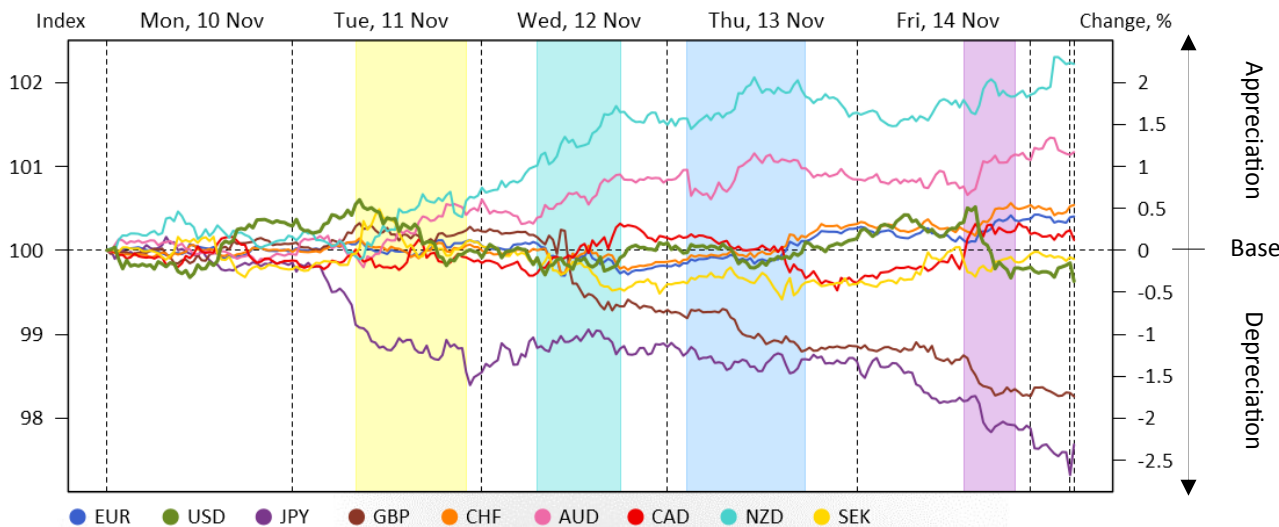
0.78%	0.21%	0.31%	0.85%
1.46	1.43	1.36	1.91

Max USD Volatility Index



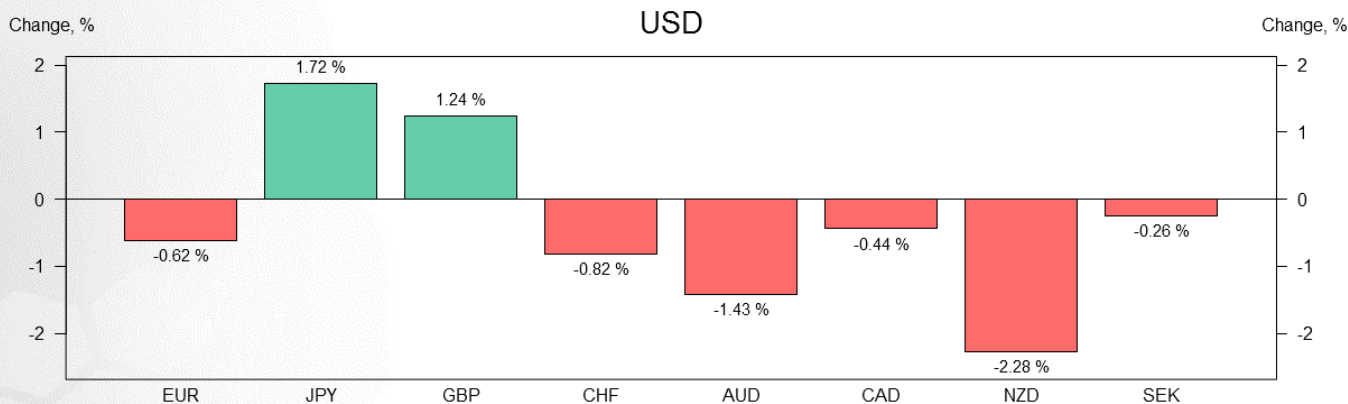
Relative Currency Strength

Currency Indexes



The week was marked with strong uptrends and downtrends in various currency rates. The yen became the worst performer for the third consecutive week, thus losing 7.44% of its value within a month. In the middle of the week, the pound's index started to fall, too, and did not retrieve till the end of the period, finishing the week with a 1.74% loss. The Kiwi's index, in turn, showed a strong uptrend and gained 2.22% of the base value during the period. Similar, but more moderate growth was observed in the Aussie's gauge. The changes of the rest of the currencies, including the Greenback, remained in a narrow -0.5% - +0.5% range.

The start of the week was calm for majority of the currencies, excepting the ones of the Asia-Pacific region. The yen started its depreciation shortly after the Tuesday's release of low CCI and assessment of economic trends in Japan. NZD hiked a little later, in anticipation of the financial stability report and the RBNZ's Wheeler speech. The most conspicuous movement on Wednesday was the pound's dip in respond to the quarterly inflation report from the BoE, which lowered economic growth expectations. Thursday started with the AUD drop on comment from the RBA's Kent on potential intervention. The USD rate remained almost unchanged till Friday, when after a minor appreciation its index lost 0.7% despite the news on higher-than-expected growth of retail sales and optimistic consumer sentiment.



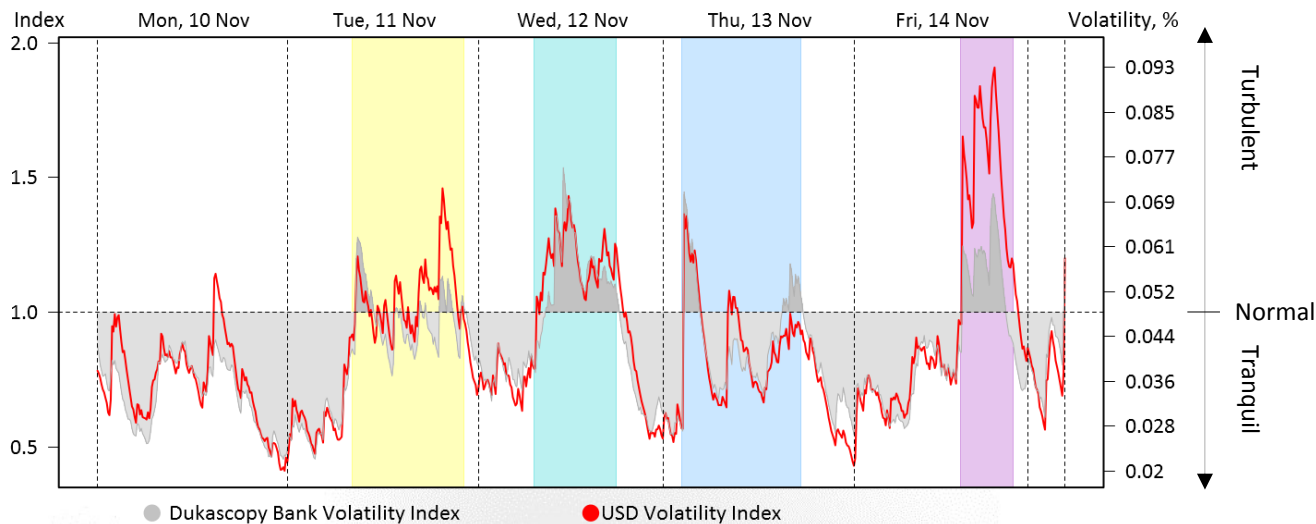
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.4%	-0.37%	-2.31%	-1.74%	0.54%	1.17%	0.12%	2.22%	-0.1%
20	0.08%	1.95%	-7.44%	-0.84%	0.52%	2.22%	1.94%	2.12%	-0.78%
130	-1.53%	8.44%	-7.08%	0.48%	0.36%	1.07%	4.35%	-1.06%	-4.87%
250	-0.78%	7.43%	-9.29%	4.37%	2.29%	-0.08%	-1.29%	1.77%	-4.46%



Volatility

Volatility



In terms of volatility, the period was rather uneventful for both the dollar and the market as a whole. As the portions of elevated volatility were very changeable during the past month, varying from as low as 4% to as high as 50%, the latest values were well in the middle, while the greatest and the average recorded levels of turbulence stood closer to the feeblest readings. Among the dollar components, USD/JPY Volatility Index exceeded its historical average most often, while AUD/USD index reached the highest peak, jumping to the 4 point level with the RBA's comments on possible intervention. USD/CAD, in turn, was the most stable pair in all aspects.

The were quite a few moments when the USD Volatility Index exceeded that of the market, but most of them were not associated with the US fundamentals. On Monday, the volatility peak marked the dollar's upswing against its major peers, while on Tuesday the index was fueled by the Greenback's easing. Nevertheless, the most notable uplift of the dollar's turbulence did took place against the background of the US releases. Unexpectedly strong retail sales reported on Friday pushed the Greenback up and triggered a surge in its volatility measure. In the aftermath the dollar went down, and the USD Volatility Index outpaced all its counterparts and reached its period maximum.

Elevated Volatility (% of the observed period)

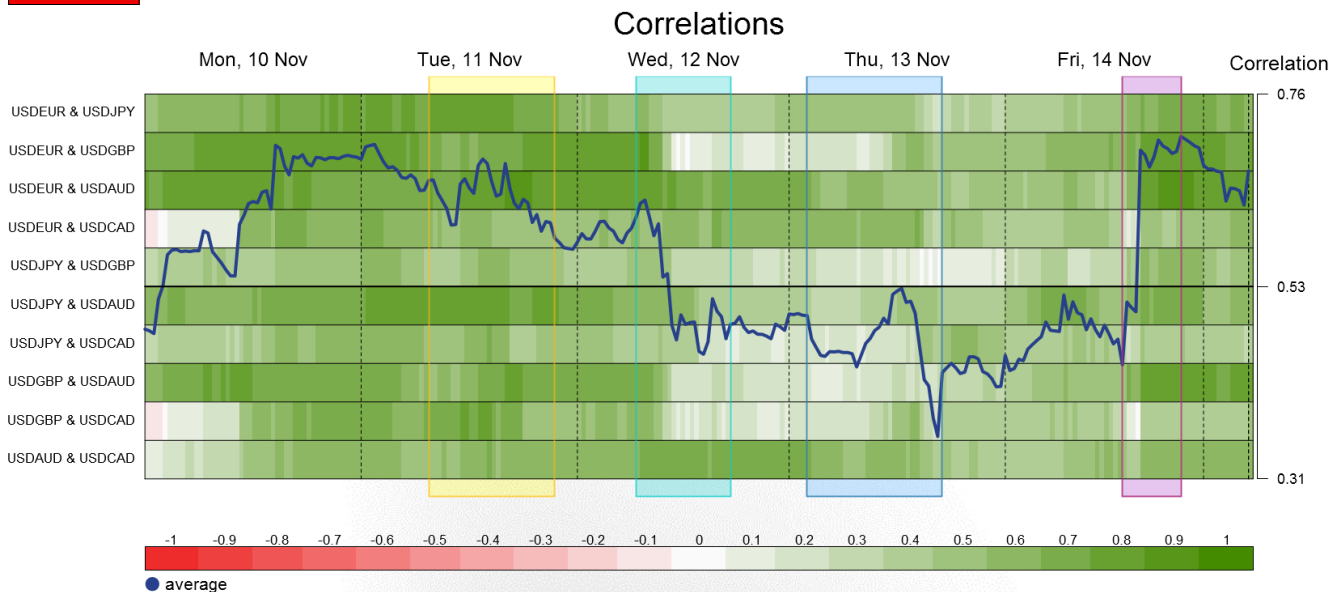
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	21	26	31	51	26	23	34	12	20	32

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.54	1.91	2.25	2.82	2.64	2.61	3.97	1.66	1.87	2.6
Min	0.45	0.41	0.28	0.35	0.34	0.24	0.31	0.28	0.35	0.3
Average	0.83	0.87	0.9	1.03	0.89	0.83	0.96	0.7	0.81	0.85



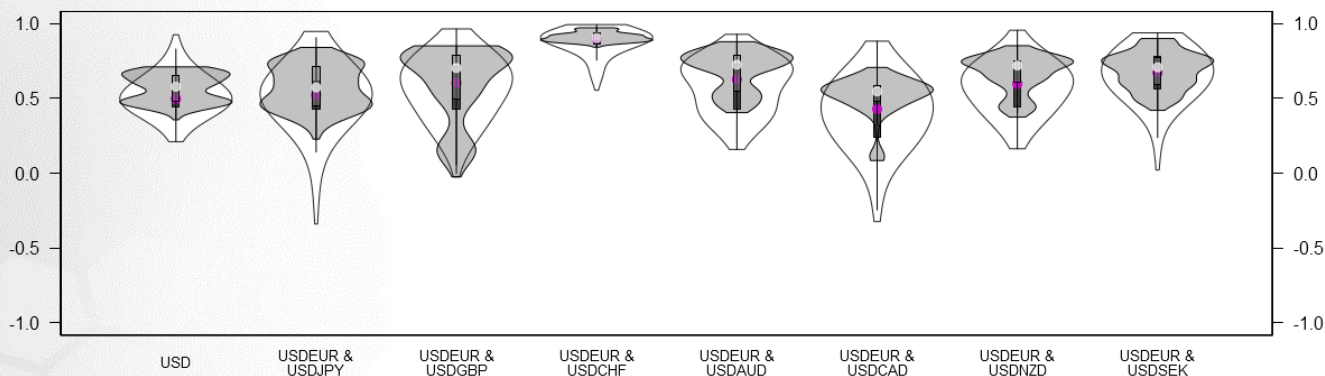
Currency Significance



Compared with the previous week, the USD significance measure and its components have moderately increased. The most noticeable rise was observed in correlation pairs containing the Canadian dollar. Thus, on Monday, ahead of the Canadian housing starts data release, correlation components with USD/CAD have gained about 0.07 – 0.43 points. In turn, the main drop of the past week occurred in the GBP/USD components. On Wednesday, the BoE quarterly inflation report caused the weakening of the bond between GBP/USD and other USD pairs. In general, means of the observed components stoop well above the long-term readings.

From the very beginning of the period the composite adhered to the upward trend, and having started the week at the 0.48 mark, has reached the 0.69 level by the end of Monday. Afterwards, however, the USD significance measure started to decline. The BoE report on Wednesday in particular has influenced the fall of the composite, and the gauge lowered to the level of 0.45. The unexpectedly high US jobless claims data caused yet another fall, and the measure dropped to the period's minimum value. However, on Friday the positive data on the US retail sales managed the composite to surge up to the maximum of the 0.71, and it held around this level till the end of the period.

Correlations (5 vs 20 days)

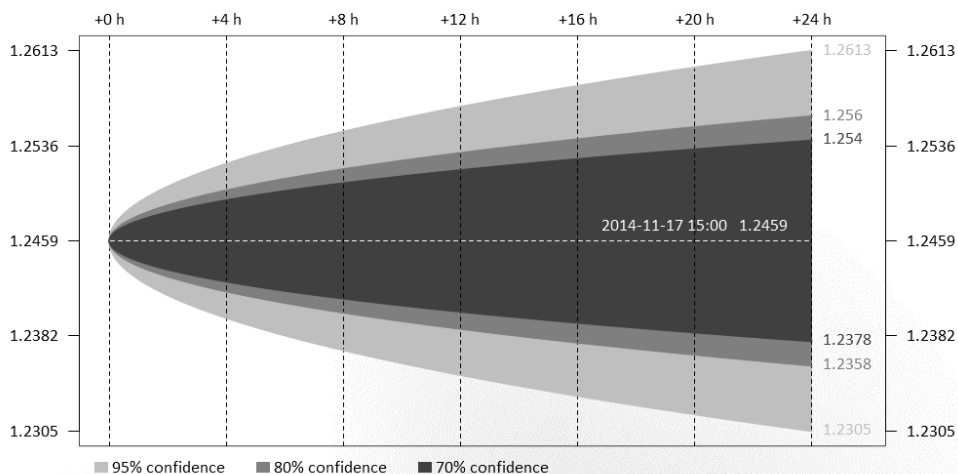


Mean Correlation Coefficient (with USDEUR)

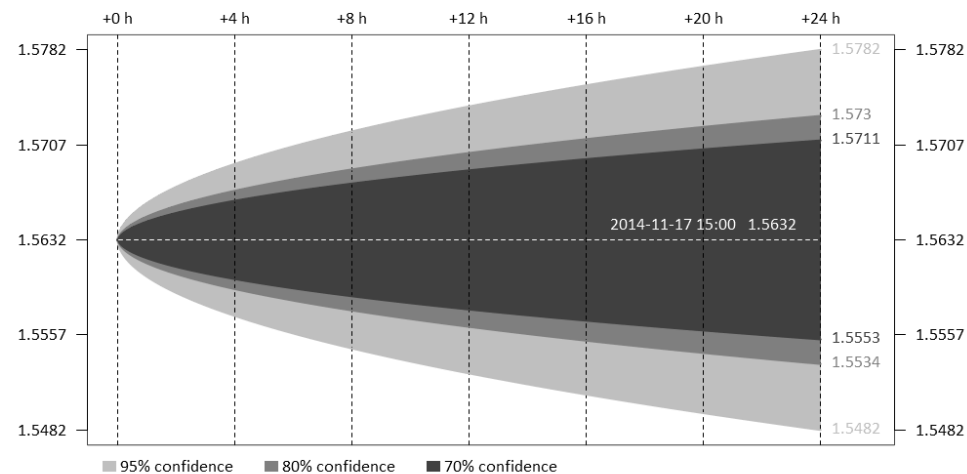
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.57	0.57	0.59	0.91	0.69	0.51	0.66	0.69
20	0.52	0.51	0.57	0.88	0.58	0.4	0.57	0.66
130	0.44	0.41	0.45	0.88	0.44	0.33	0.47	0.6
250	0.37	0.28	0.45	0.86	0.34	0.25	0.37	0.6

Confidence Intervals for Next 24 Hours

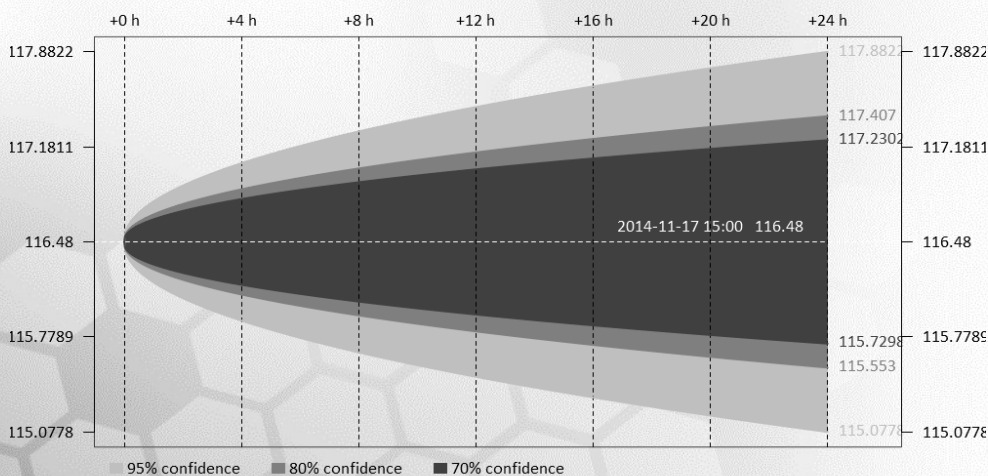
EURUSD Potential Rates



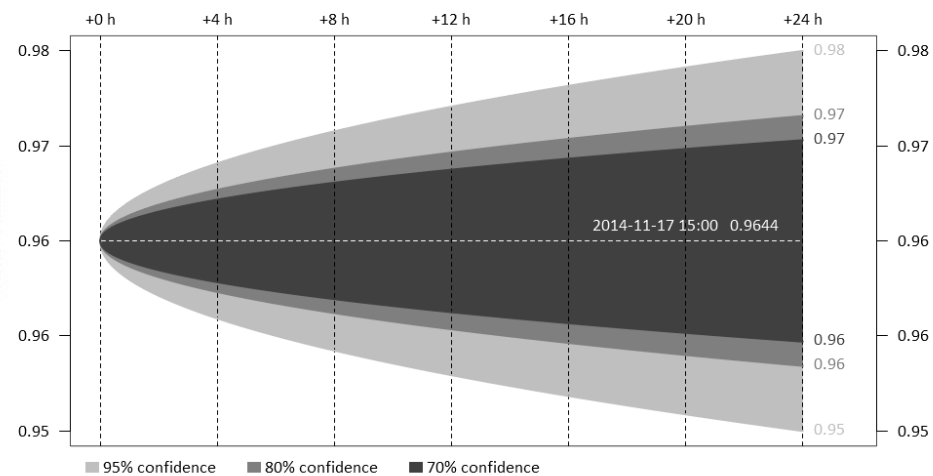
GBPUSD Potential Rates



USDJPY Potential Rates



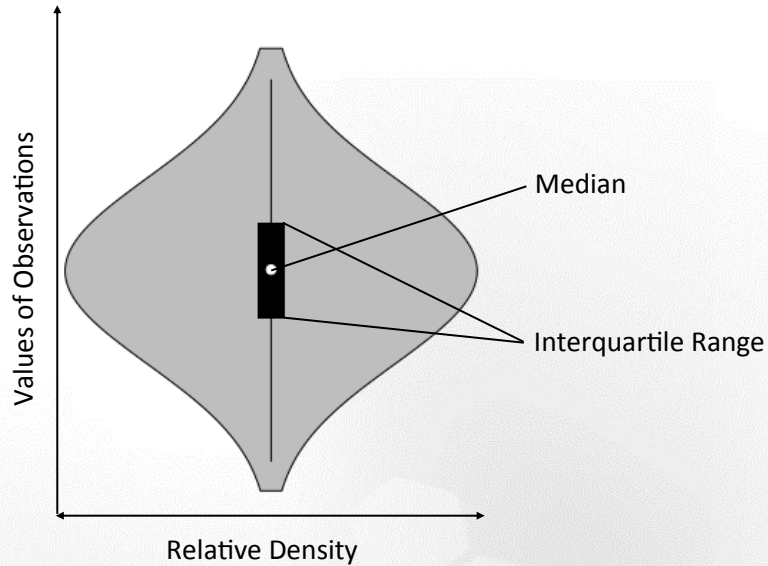
USDCHF Potential Rates



EXPLANATIONS

Violin Plot

Violin Plot is a combination of a Box Plot and rotated Kernel Density Plot



Methodologies

Volatility Index

Confidence Interval



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