

JPY

18/02/2015



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Market Research





Dominant Events of the Period

Yellow Area

February 11

13:30-24:00

- Japan Machinery Orders
- Eurozone Eurogroup Meetings
- US Monthly Budget Statement

Turquoise Area

February 12

03:30 - 17:30

- Japan Machine Tool Orders
- Australia Employment Change and Unemployment Rate
- Eurozone Industrial Production
- Bank of England Inflation Report
- US Retail Sales

Blue Area

February 13

03:30 - 16:00

- France GDP
- Germany GDP
- Eurozone GDP
- US Michigan Consumer Sentiment Index

Purple Area

February 15-16

23:00 - 03:00

- Japan GDP and Industrial Production
- Australia New Motor Vehicle Sales
- UK Rightmove HPI

Orange Area

February 17

04:00 - 13:30

- UK CPI
- Germany ZEW Economic Sentiment

JPY Currency Index Range

0.48%

0.77%

0.39%

0.19%

0.73%

Max JPY Volatility Index

1.16

3.34

1.23

0.89

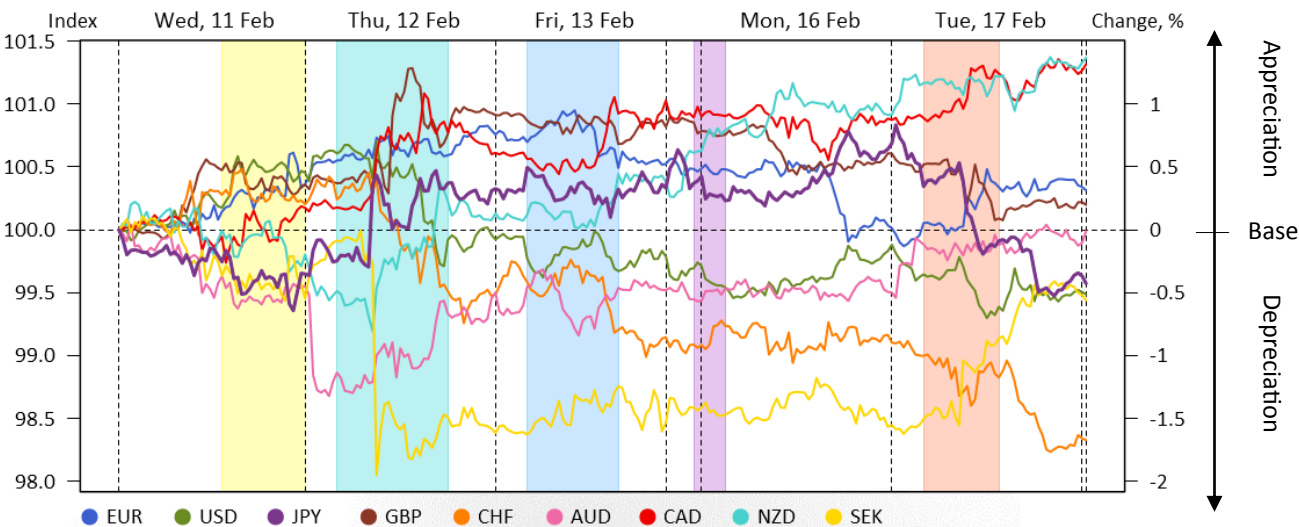
1.08



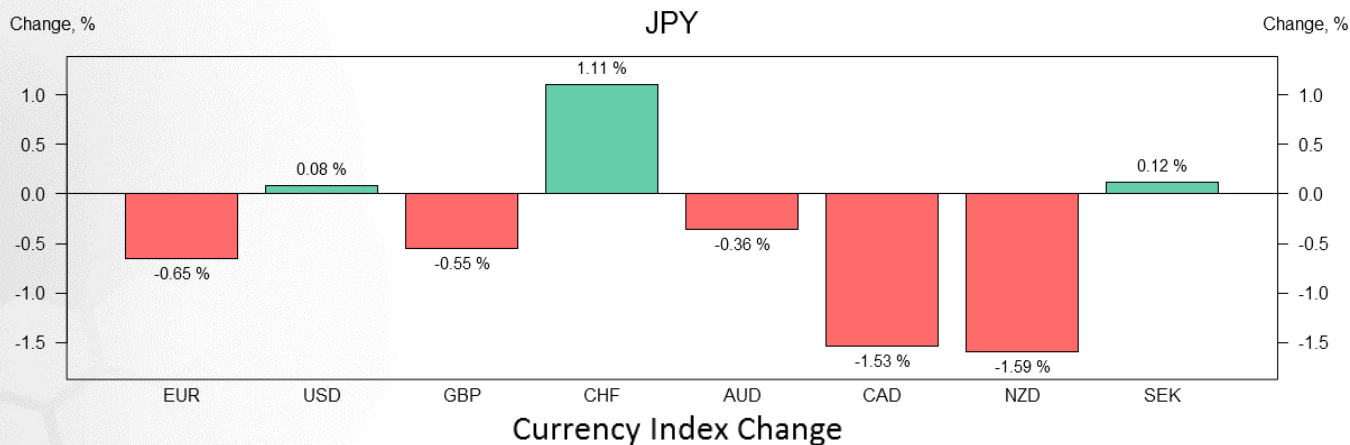
Relative Currency Strength

Currency Indexes

The Japanese currency traded in a mixed environment during the period ended February 17. On overall, the vast part of the period was spent above the baseline, even though at the end of it the Yen lost its advantage and declined sharply to close the week with a negative growth of 0.43%. Moreover, there has been a mixed situation in its pairs with other currencies on the market. While the Japanese Yen managed to advanced considerably against the Swiss Franc by 1.11%, it dropped notably versus the New Zealand Dollar and Canadian Dollar, by 1.59% and 1.53%, correspondingly. Except JPY/EUR (-0.65%), other JPY pairs have barely exceeded the range of 0.50% in either direction.



Despite all along positive development of the Japanese Yen in the middle of the period, it started the week on a negative note. Moreover, it is worth pointing out that fundamental data from Japan used to be rather optimistic, as machinery orders in the country rose more than estimated by 8.3% in December on a monthly basis. Still, a recovery followed, as many countries including Australia, Germany and the US released fairly negative statistics on Thursday, thus giving the Yen some bullish impetus. Trading until Tuesday on a stable level around 100.5 points, the Yen Index failed to hold momentum and lost ground toward 99.6 points in the end of the period, mostly reflecting revived strength of fundamentals from abroad.

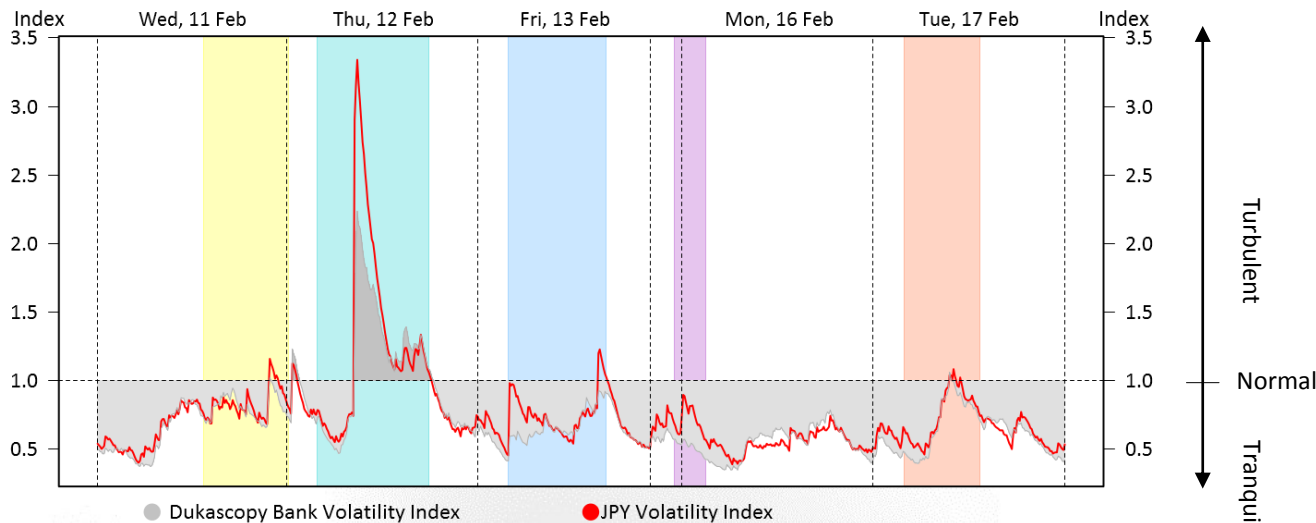


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.31%	-0.51%	-0.43%	0.2%	-1.67%	-0.01%	1.32%	1.37%	-0.56%
20	0.85%	2.18%	0.99%	4.19%	-5.63%	-2.69%	-0.22%	1.05%	0%
130	-4.89%	12.86%	-4.02%	3.35%	9.51%	-6.65%	-1.4%	0.26%	-9.39%
250	-6.92%	13.72%	-3.75%	4.12%	8.29%	-2.59%	-0.06%	2.11%	-14.91%



Volatility

Volatility



The period was associated with extremely low volatility values for almost the whole length of the February 11-17 time period. The only exception has been made on Thursday, in time when a lot of important statistical indicators from around the world were announced. As a result, the elevated volatility index for the Japanese Yen stayed as low as at 11%, meaning that only slightly more than 1/10 of all time this currency used to have increased turbulence on the market. Among currency pairs, the highest elevated volatility was registered by the Dollar/Yen and Pound/Yen crosses, as both US and Britain revealed a lot of important indicators last week.

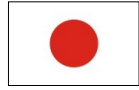
Japanese currency started the week with one of the smallest volatility indicators during the whole period just around 0.5 points, as there was completely no data from Japan, while statistics from abroad was not important enough to cause any significant movements and fluctuations of the Japanese currency as well. At the same time, on Thursday the Yen's volatility spiked above 3 points, while supported by local machine tool orders data which advanced 20.4% in January. Moreover, US and Germany released several interesting numbers, including the CPI and retail sales for the former and latter, accordingly, which sent market turbulence to the upside on that particular day.

Elevated Volatility (% of the observed period)

Market	JPY	EURJPY	USDJPY	GBPJPY	CHFJPY	AUDJPY	CADJPY	NZDJPY	SEKJPY
9	11	11	22	18	7	8	15	9	15

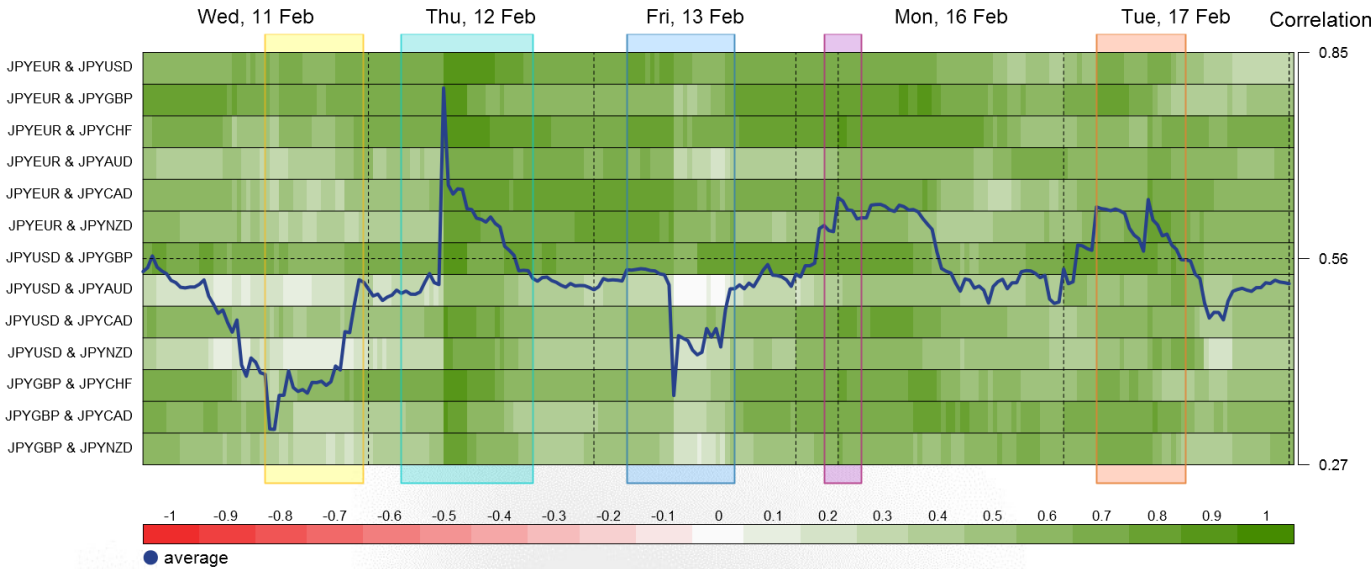
Volatility Index (for the observed period)

	Market	JPY	EURJPY	USDJPY	GBPJPY	CHFJPY	AUDJPY	CADJPY	NZDJPY	SEKJPY
Max	2.23	3.34	3.57	4.54	4.32	2	2.7	3.03	2.6	5.64
Min	0.35	0.39	0.32	0.28	0.35	0.26	0.21	0.23	0.27	0.38
Average	0.69	0.75	0.73	0.87	0.85	0.65	0.62	0.75	0.73	0.88



Currency Significance

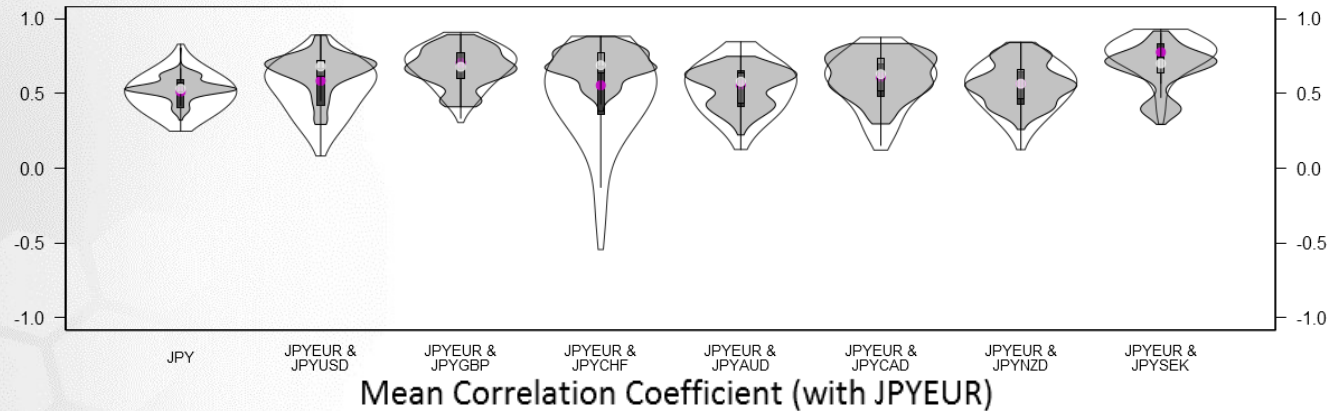
Correlations



Taking into account significance levels of JPY, calculated as an average correlations between all currency pairs of the Yen, this currency was not one of the main drivers last week. The average correlation levels stood at 0.56 points during the week while for the vast part of the period the currency fluctuated around this mark and registered no constant development. At the same time, levels of JPY's significance stayed, as usually, at relatively high levels, while last week's mean correlation coefficient for this currency at 0.53 points has slightly exceeded 20-day average of 0.5.

Significance of the Yen reached its period's low of 0.32 very quickly already during the first day of the week, when the market was driven by news from Australia, where data on home loans was announced. It caused all AUD and NZD pairs develop in the opposite-to-market direction. Nevertheless, Thursday's data managed to bring noticeable changes, when correlations between various JPY crosses reached the weekly maximum at 0.80 points and the Yen showed a pan-market advance against its all main peers due to previously mentioned data releases in Germany, US and UK. Still, on Friday the composite returned back to its mean weekly value of around 0.55 and remained in the range between 0.4 and 0.6 until February 17.

Correlations (5 vs 20 days)

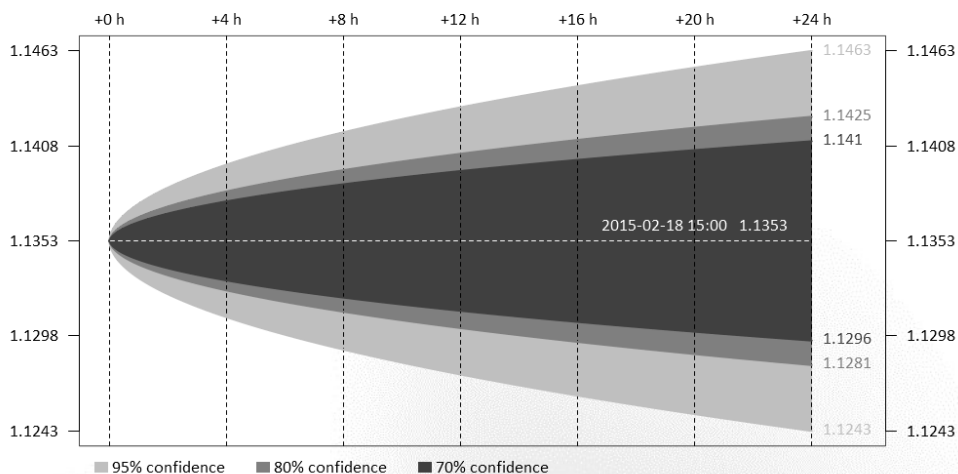


Mean Correlation Coefficient (with JPYEUR)

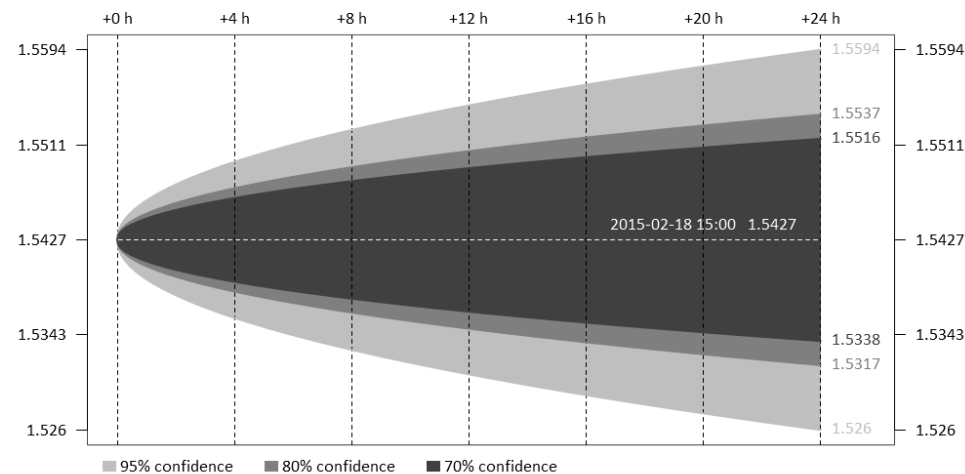
Days	JPY	JPYUSD	JPYGBP	JPYCHF	JPYAUD	JPYCAD	JPYNZD	JPYSEK
5	0.53	0.65	0.67	0.69	0.54	0.62	0.57	0.66
20	0.5	0.54	0.68	0.49	0.53	0.58	0.54	0.76
130	0.51	0.55	0.66	0.84	0.47	0.55	0.41	0.73
250	0.51	0.6	0.65	0.88	0.45	0.51	0.4	0.71

Confidence Intervals for Next 24 Hours

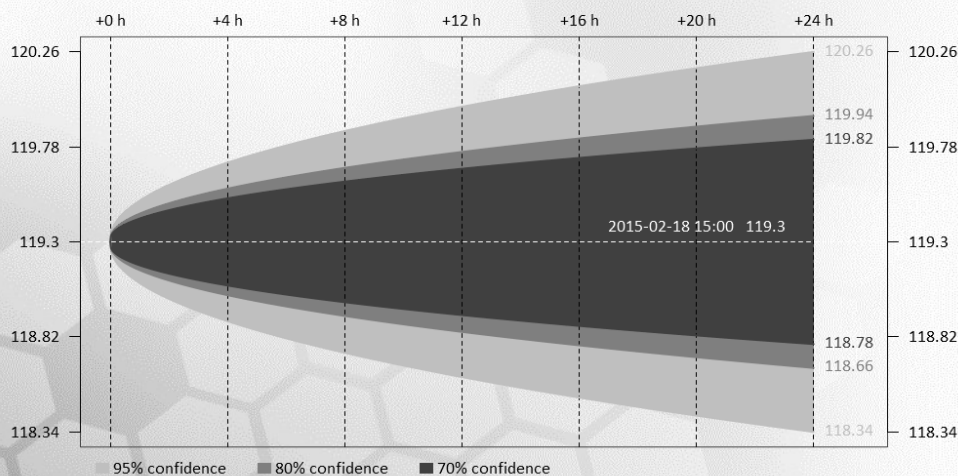
EURUSD Potential Rates



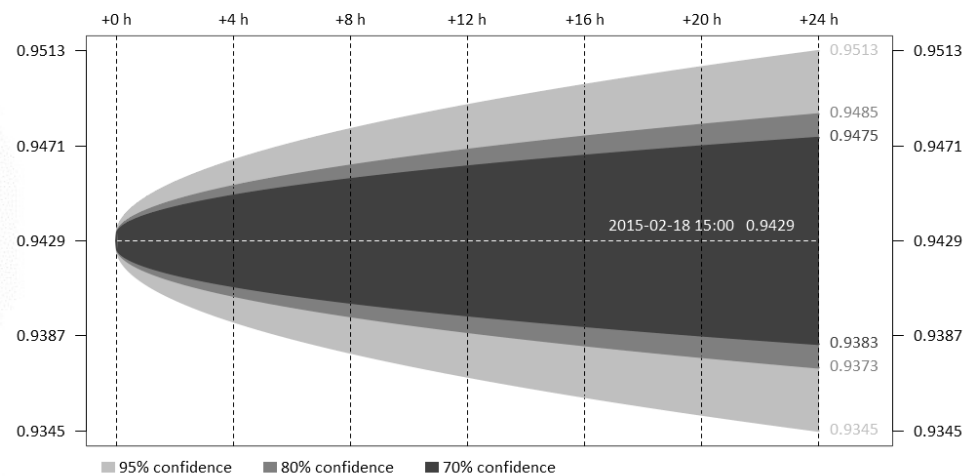
GBPUSD Potential Rates



USDJPY Potential Rates



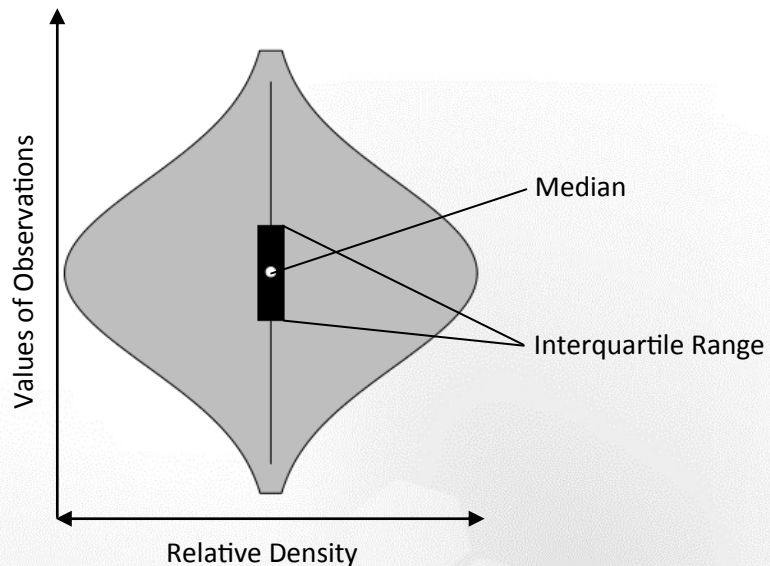
USDCHF Potential Rates



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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