



USD

23/02/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

February 17

09:00 - 10:00

- UK CPI, PPI
- German, Euro Zone ZEW Survey

Turquoise Area

February 18

18:30 - 19:30

- FOMC Minutes

Blue Area

February 20

12:30 - 20:30

- Canadian Retail Sales
- US Flash Markit Manufacturing PMI
- Eurogroup Meeting

USD Currency Index Range

0.19%

0.41%

0.39%

Max USD Volatility Index

1.07

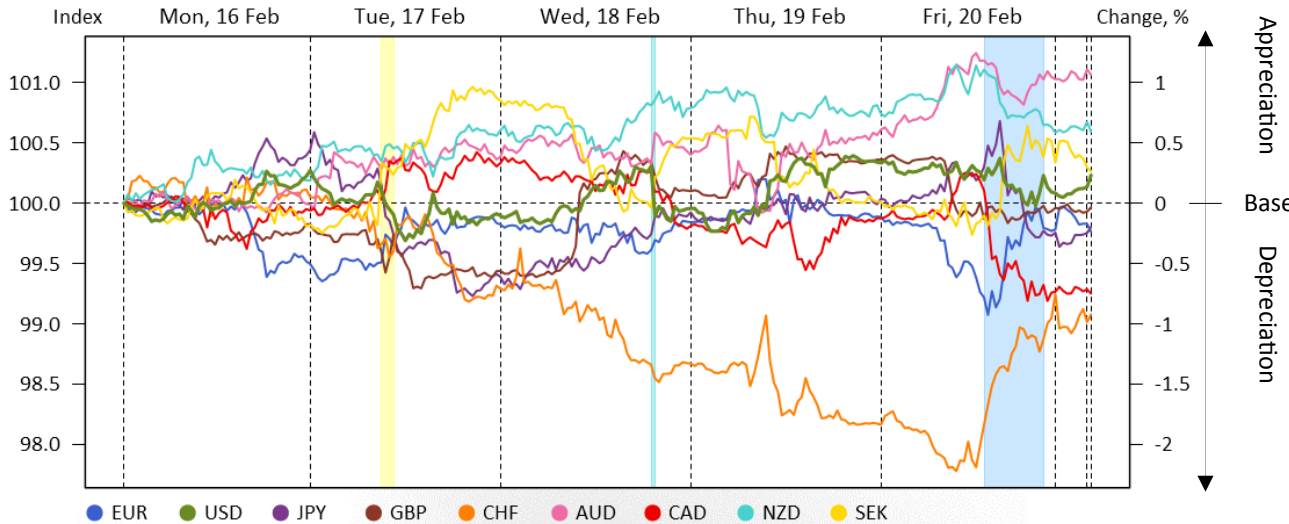
1.92

1.12



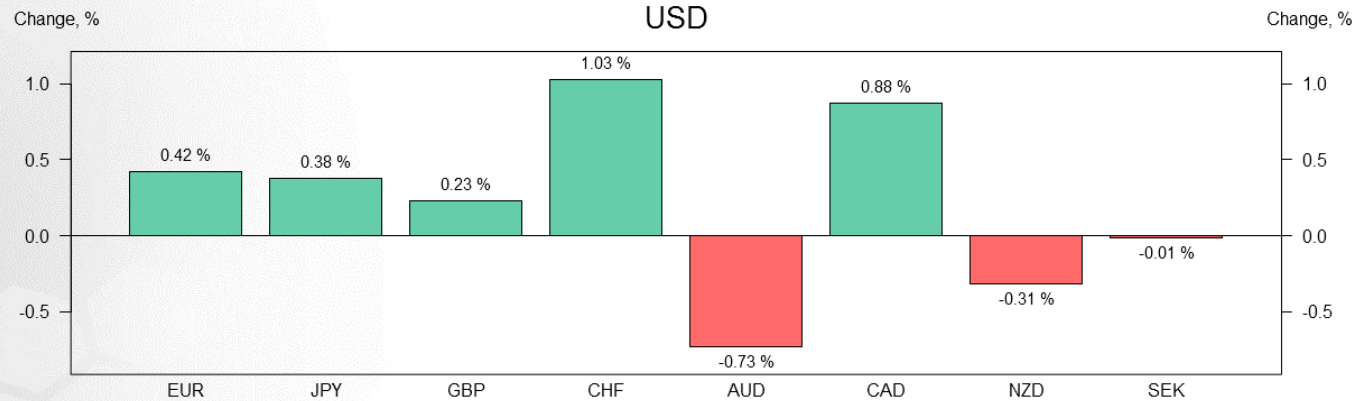
Relative Currency Strength

Currency Indexes



After spending a week below the base value, the USD Index was fluctuating between appreciation and depreciation areas and managed to finish the period with a small gain of 0.23%. Nevertheless, it lost only to the krona and the Pacific currencies. The Kiwi continued to maintain the leading position for the third week in row, though this time the Aussie managed to jump ahead of it in the very end of the period. The Swiss franc remained the main loser. Nonetheless, showing the downward trend and falling to the 97.8 mark, on Friday the CHF Index rose sharply and at the end of the period was on the level of 99.

The week started with a holiday for the Greenback index, and it showed minor changes during the first two days of the period. Beginning to grow on Tuesday, the index continued to rise against the background of the US housing data, and reached the level of 100.3. However, after the FOMC released its somewhat disappointing minutes, the Greenback fell below the 100-point mark. The strengthening of the index occurred on the next day, after the US employment data report. Nevertheless, the lower-than-expected Philadelphia Fed manufacturing survey pushed the index down for a while. The gauge weakened slightly during the rest of the week and ended the period on the level of 100.2.



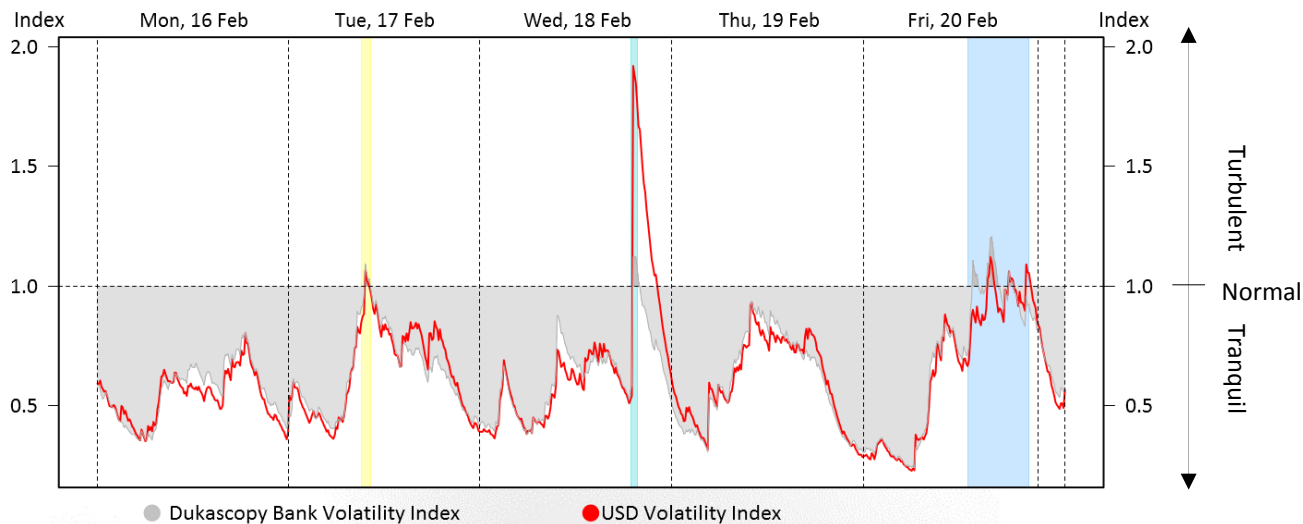
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.24%	0.23%	-0.2%	-0.03%	-0.92%	1.06%	-0.75%	0.59%	0.26%
20	2.03%	0.51%	-0.23%	3.22%	-5.41%	-0.37%	-0.19%	1.75%	-0.66%
130	-4.95%	12.75%	-2.74%	4.29%	9.35%	-6.46%	-2.52%	0.07%	-9.98%
250	-7.85%	13.5%	-3.36%	4.68%	6.9%	-1.66%	-0.24%	2.69%	-14.67%



Volatility

Volatility



For the second week in a row, volatility of the market was extremely low, with the 1.92 peak of the USD Volatility Index being the highest among its peers. In terms of the portion of elevated volatility, the Loonie and the pound were the most turbulent currencies, both posting a reading barely above 5%. The former was especially volatile on Friday, after the announcement of disappointingly negative retail sales. The latter, in turn, notably reacted to Tuesday's and Wednesday's economic news. Thus, the UK unemployment rate released on Wednesday induced the 1.89 points spike in the pound's and 2.61 points spike in the GBP/USD Volatility Indexes.

The beginning of the week was very tranquil, and the first considerable uptick in both the market's and the dollar's Volatility Indexes was observed only on Tuesday. The reason for the spike was the Swedish inflation rate release and a number of news on UK economy, including CPI. The most conspicuous was the surge of the Greenback's volatility after the publication of recent FOMC minutes. Friday, in turn, was the most volatile trading day as the market was influenced by unexpected Canadian retail sales numbers, better-than-forecasted US flash manufacturing PMI, and the overall anxiety ahead of the Eurogroup meeting.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	4	5	25	5	23	7	4	15	1	20

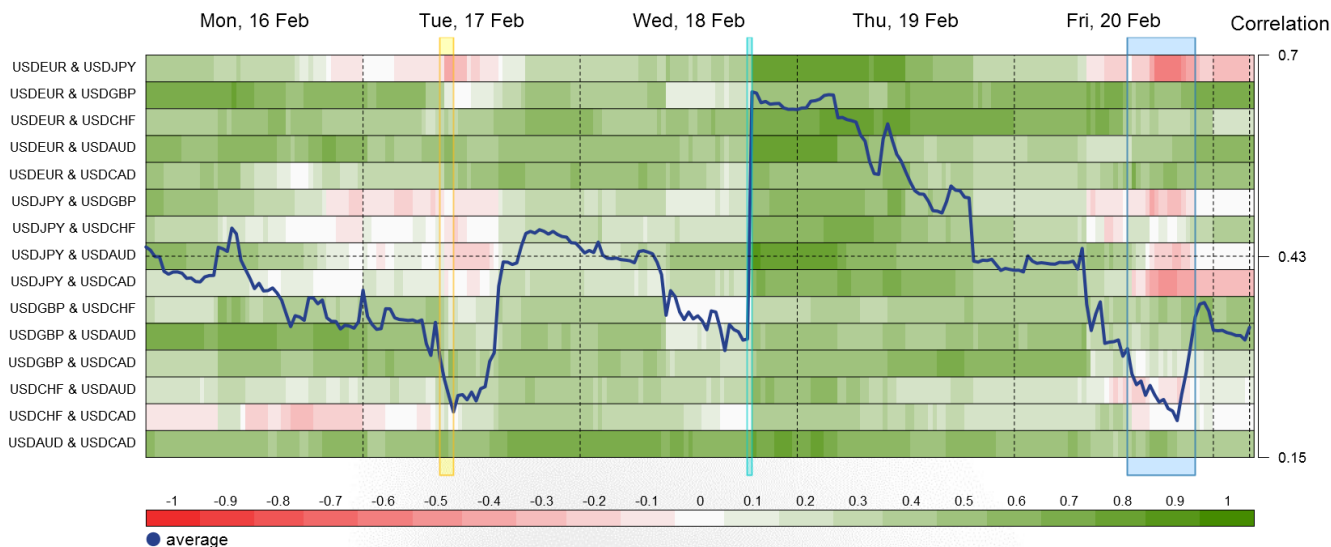
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.21	1.92	2.49	2.45	2.61	1.4	1.64	1.85	1.39	2.89
Min	0.24	0.23	0.23	0.21	0.25	0.15	0.23	0.13	0.22	0.2
Average	0.62	0.63	0.79	0.59	0.77	0.59	0.51	0.62	0.51	0.75



Currency Significance

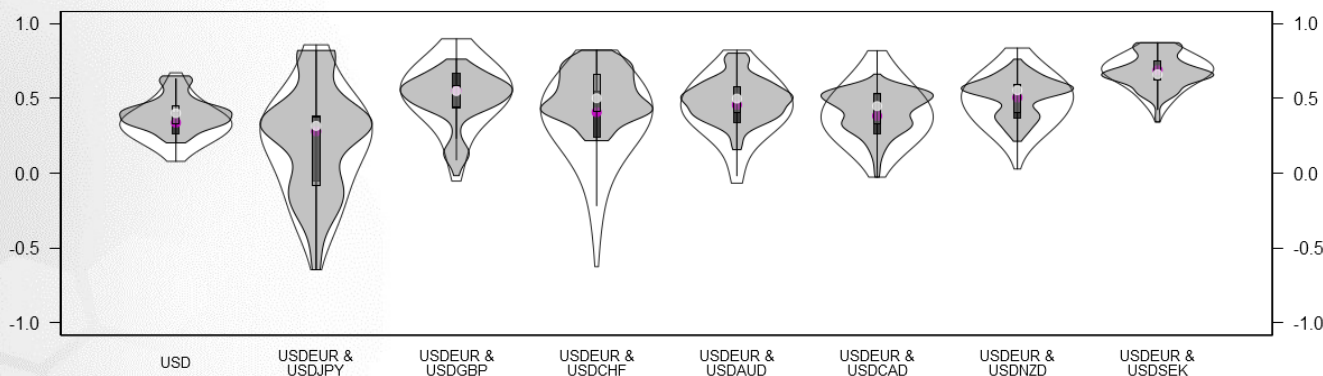
Correlations



The dollar's significance measure remained moderate, but stable, with only a few news-driven deviations from its long-term average level of 0.4 points. The composite held below the majority of its peers throughout most of the period, highlighting relative independence of the Greenback's movements across the observed pairs. On the whole, the franc's composite held the leading position, richly supported by the currency's prolonged weakening, while other top and bottom performers were changing too frequently to mark out any specific gauges.

The composite's sharpest change of the week took place on Wednesday, when unexpectedly cautious FOMC minutes caused the Greenback to slump against its peers, and thus pushed the aggregate correlation up from 0.3 to 0.6 points. It took the composite more than a day to ease back to its average level, as the patterns of the dollar's decline and substantial recovery were very similar across the observed pairs. During Friday, the composite fell to its lowest level of 0.2 points, heavily affected by the yen's weakening that shifted many correlation components to the negative side. Among other movements, a notable decline took place on Tuesday, when the Swedish inflation numbers lifted the krona's significance to its week's maximum and ate away over 0.1 points from the dollar's gauge.

Correlations (5 vs 20 days)

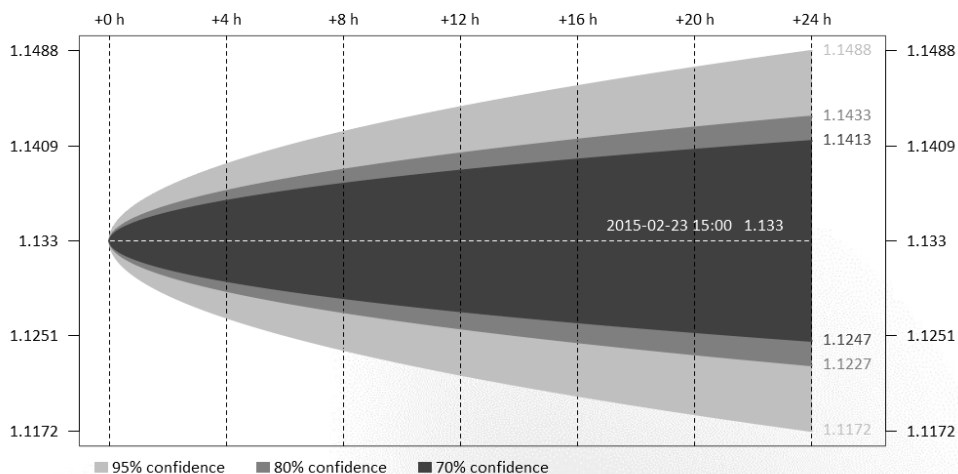


Mean Correlation Coefficient (with USDEUR)

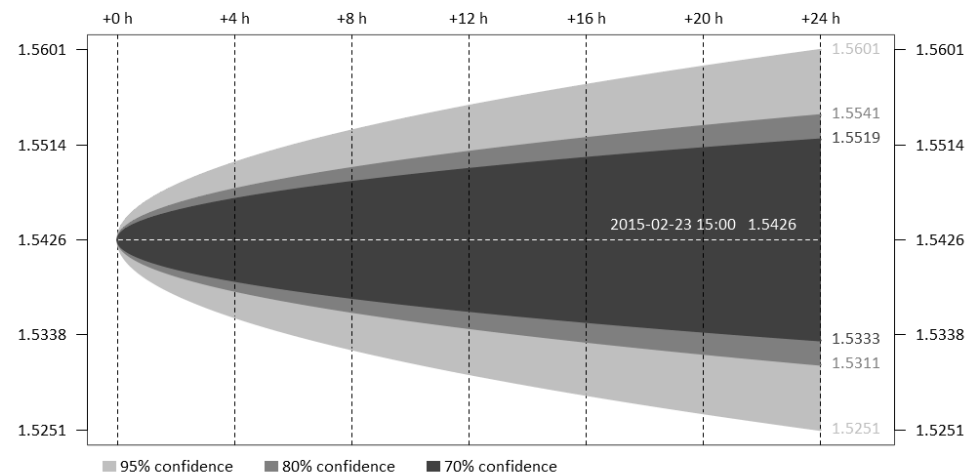
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.41	0.23	0.49	0.52	0.49	0.41	0.52	0.68
20	0.34	0.2	0.53	0.37	0.45	0.39	0.49	0.68
130	0.47	0.44	0.57	0.77	0.49	0.41	0.52	0.65
250	0.4	0.33	0.49	0.82	0.39	0.3	0.43	0.61

Confidence Intervals for Next 24 Hours

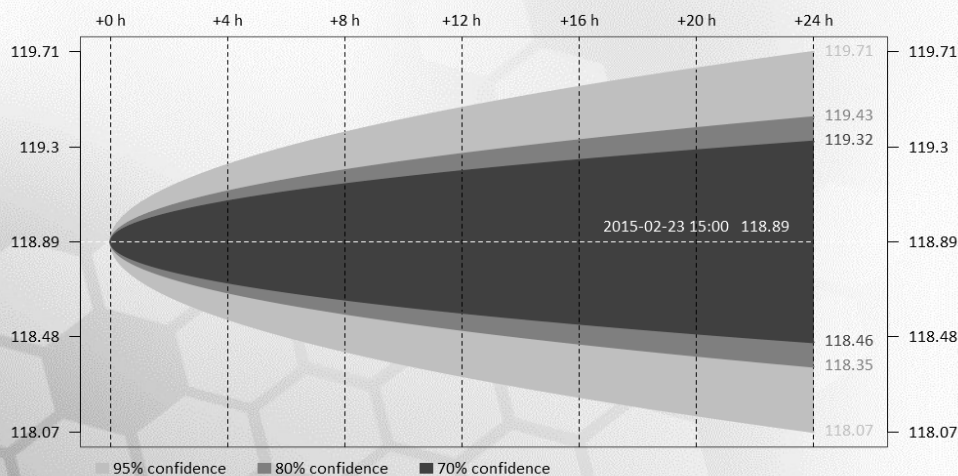
EURUSD Potential Rates



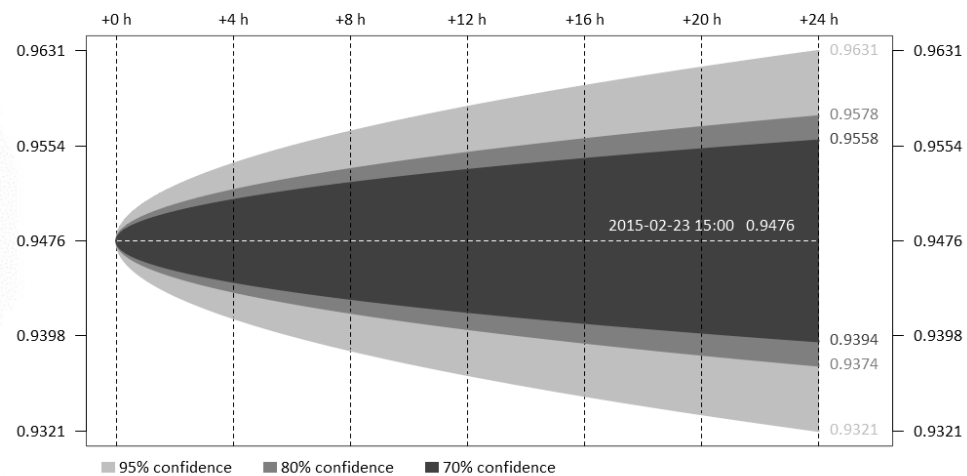
GBPUSD Potential Rates



USDJPY Potential Rates



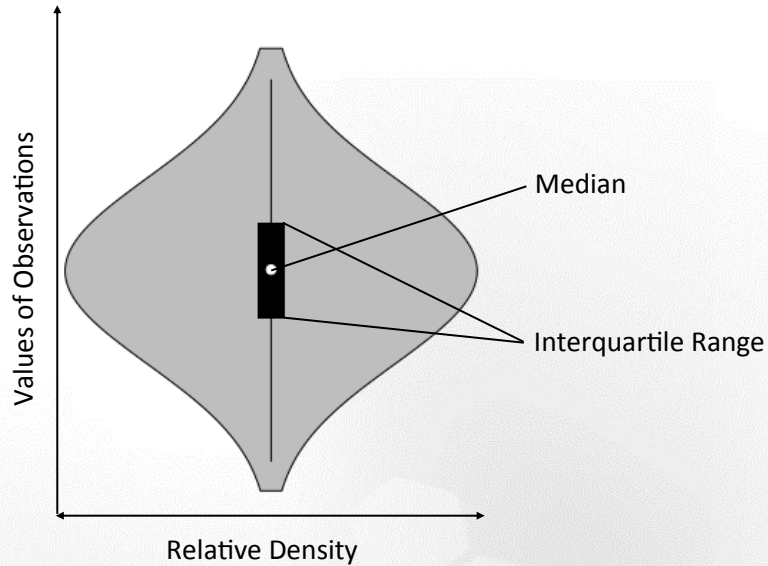
USDCHF Potential Rates



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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