



AUD

18/03/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

March 11

00:00 - 23:30

- Australian Home Loans
- Chinese Industrial Production and Retail Sales
- UK Industrial Production and NIESR GDP Estimate

Turquoise Area

March 12

04:30 - 18:00

- Australian Employment Change and Unemployment Rate
- German CPI
- UK Trade Balance
- US Retail Sales

Blue Area

March 13

05:00 - 19:30

- Japanese Industrial Production
- US PPI and Reuters/Michigan Consumer Sentiment Index

Purple Area

March 16

04:30 - 18:30

- Australian Motor Vehicle Sales
- US Industrial Production

Orange Area

March 17

06:00 - 17:00

- RBA Meeting Minutes
- Euro zone Final CPI
- German ZEW Economic Sentiment
- US Housing Starts and Building Permits

AUD Currency Index Change

0.18%

0.75%

-0.08%

-0.24%

-0.07%

Max AUD Volatility Index

1.9

1.99

1.47

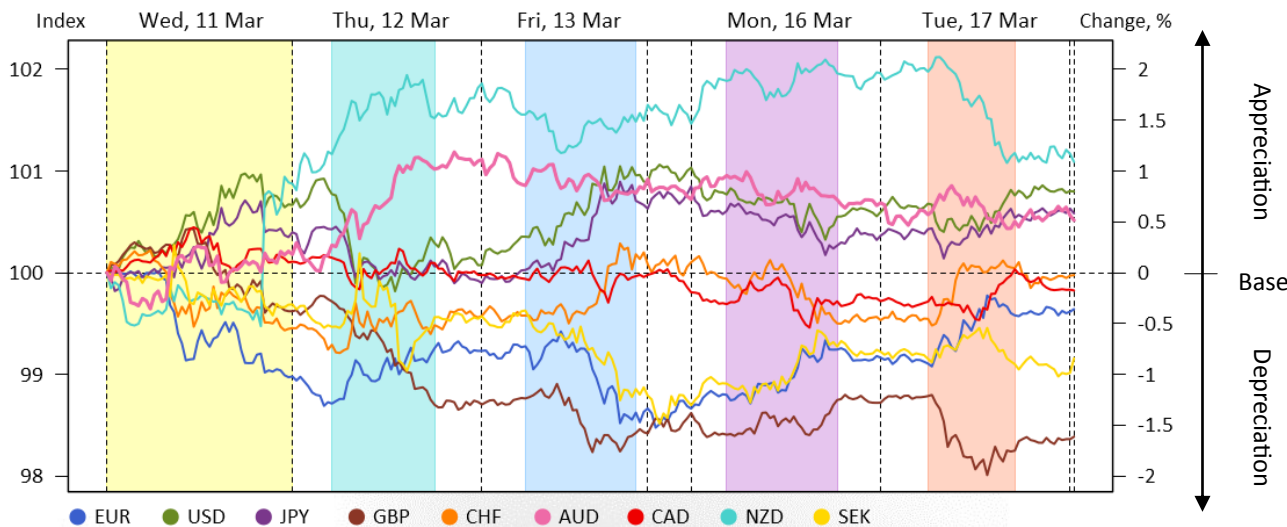
1.5

1.19



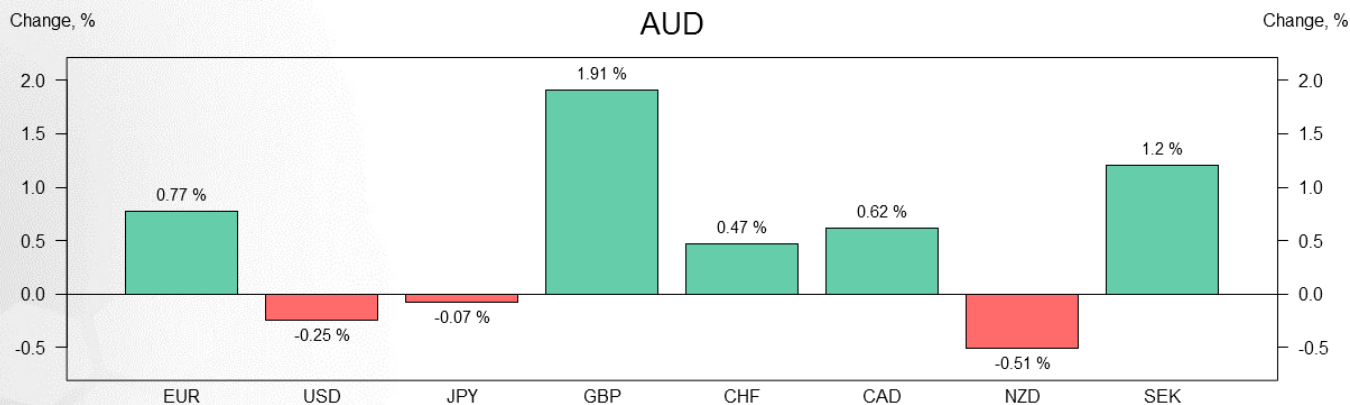
Relative Currency Strength

Currency Indexes



The Australian currency performed in a fairly positive trend during the period ended March 17. This currency has not only hovered above the main baseline for the vast part of last week, but also used to be the second-best performer during Thursday and Friday, giving a lead only to the New Zealand Dollar. However, a slight downward change towards the end of the period allowed the Greenback and Japanese Yen to outperform the Aussie. The Australian Dollar itself rose 0.51% from Wednesday till Tuesday. The most substantial gain was posted by AUD/GBP cross which surged 1.91% in course of the previous trading week.

The period was started with marginal weakness of the Aussie, when AUD Index decreased to around 99.7 points on Wednesday, caused by stronger than estimated decline in home loans in Australia for January. The amount dropped 3.5% after an increase of 2.7% in December. However, better than forecasted growth in country's employment and falling jobless rate provided the AUD with a significant bullish impetus, when it reached the weekly highest level just above 101 points. Meanwhile, giving that there were no major news from Australia to be published later during the period, the AUD decided to develop mostly sideways with a slight slope to the downside, thus closing the week at 100.51 points.



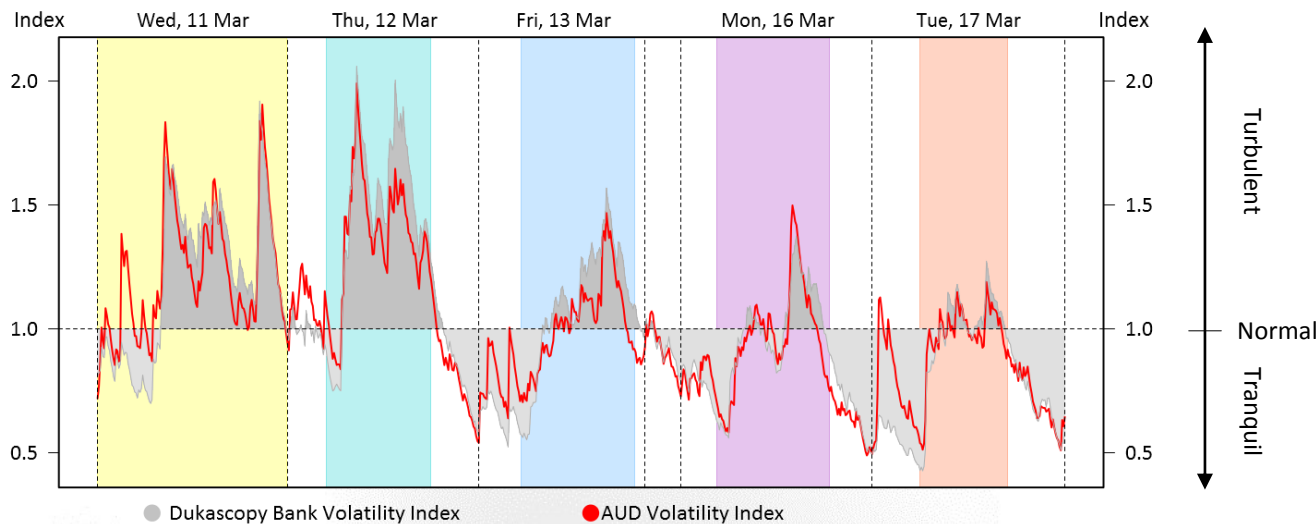
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.36%	0.8%	0.58%	-1.61%	-0.02%	0.51%	-0.18%	1.09%	-0.84%
20	-4.37%	3.42%	2.08%	-1.08%	-3.41%	1.25%	0.76%	0.81%	0.07%
130	-8.69%	13.62%	0.22%	3.22%	5.95%	-5.33%	-2.79%	1.36%	-8.69%
250	-11.96%	18.8%	-0.86%	5.26%	2.91%	-1.12%	2.38%	0.8%	-16.2%



Volatility

Volatility



As the most important part of Australian fundamental statistics was released back on Wednesday and Thursday of the previous week, the volatility of this currency has perfectly matched this time-frame, being the highest during these two days. Concerning the elevated volatility index, it fell slightly short of 50%, while still staying above readings of the same indicator during a number of weeks before. In general, the Australian Dollar was turbulent in 47% of all time and more than 75% of time during Wednesday and Thursday. In the meantime, the elevated volatility was completely similar to the market's average one.

Among AUD currency pairs, the biggest volatility was posted by its cross with the Japanese Yen, mostly due to the meeting of the Bank of Japan on Tuesday, which kept this country's currency nervous throughout last week. Looking at the main volatility chart, we should mention a number of important peaks. Two of them were set on Wednesday well above 1.5 points, in time when China's industrial production and US Bank Stress Tests' results were announced, respectively. The highest turbulence of 1.99 points, however, was posted a day later and was fully driven by upbeat labour market data from Australia, as employment rose by 15,600 in February and jobless rate decreased to 6.3% for the same month.

Elevated Volatility (% of the observed period)

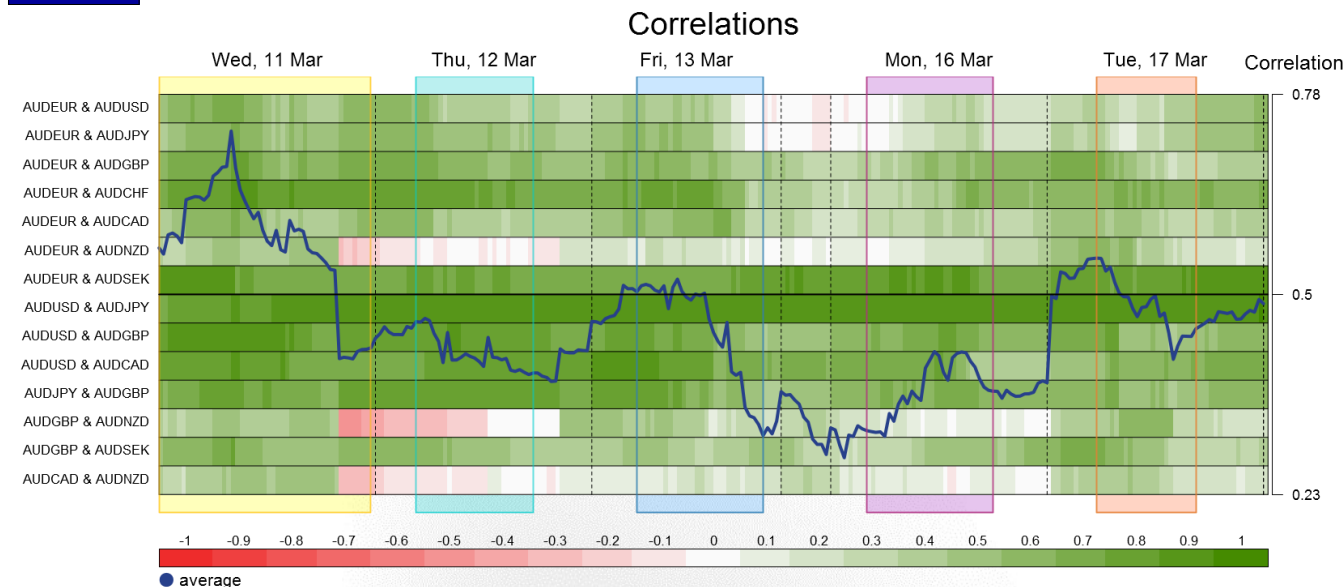
Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
	47	51	50	61	52	36	29	39	35

Volatility Index (for the observed period)

	Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
Max	2.06	1.99	2.15	2.17	2.26	2.02	1.89	1.96	4.69	3.97
Min	0.43	0.49	0.5	0.37	0.48	0.4	0.42	0.41	0.51	0.42
Average	1.02	1.01	1.05	1.03	1.11	1.02	0.93	0.91	1.06	1.02



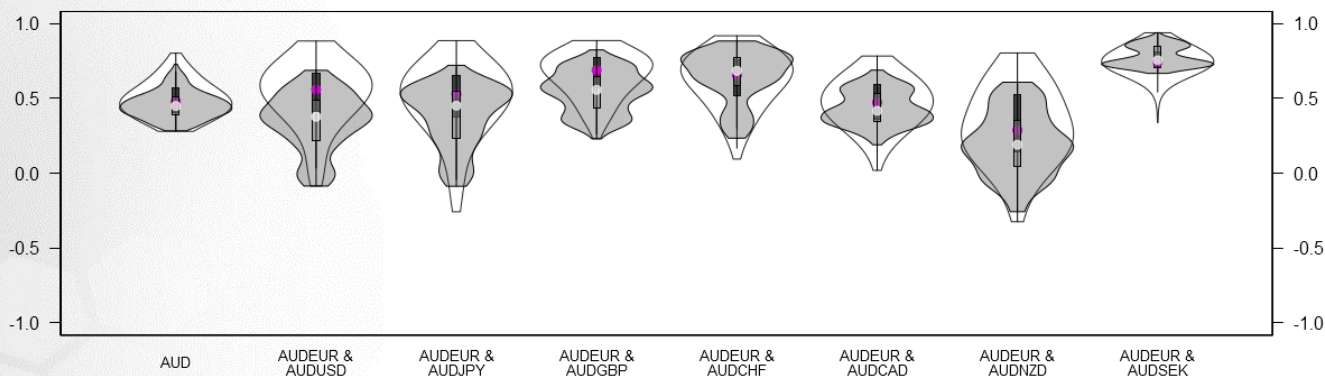
Currency Significance



Even despite the high volatility on the market, components of the Australian Dollar's significance measure showed strong correlations over the observed period. By having a look at significance measures of the AUD, which are calculated as an average correlations between all Aussie's crosses, we should underline that main drivers here used to be domestic factors from Australia; however, some international used had a substantial influence during particular periods of time. The average correlation, in turn, used to be 0.45 points, just above which (0.48) the composite closed the March 11-17 period.

Period started with a dynamic movement of the AUD measure up to the weekly maximum around 0.75 points, when Asia-driven data managed to push many Australian Dollar's pairs in broadly the same direction. However, in the evening of the same day on Wednesday, the composite dropped noticeably below the average level. The change was provoked by components that included the New Zealand Dollar which dropped below zero in time of RBNZ's interest rate decision. This event set the tone for the rest of the period. Significance measure reached the weekly low at 0.26 points in the night between Sunday and Monday. It has also failed to return above 0.5 points for two times, by attempting to do so on Friday and Tuesday.

Correlations (5 vs 20 days)

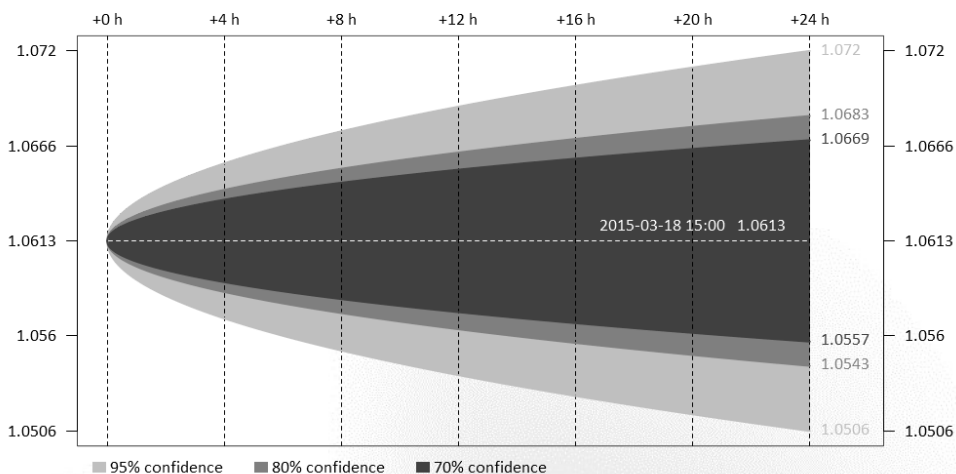


Mean Correlation Coefficient (with AUDEUR)

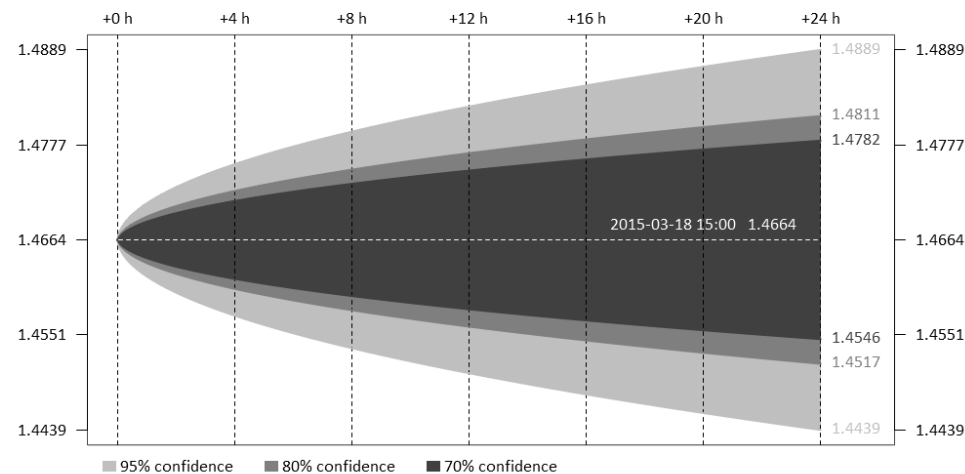
Days	AUD	AUDUSD	AUDJPY	AUDGBP	AUDCHF	AUDCAD	AUDNZD	AUDSEK
5	0.45	0.35	0.38	0.54	0.65	0.44	0.19	0.78
20	0.49	0.53	0.49	0.66	0.63	0.47	0.31	0.75
130	0.54	0.65	0.6	0.72	0.83	0.56	0.33	0.74
250	0.54	0.69	0.61	0.71	0.89	0.56	0.33	0.73

Confidence Intervals for Next 24 Hours

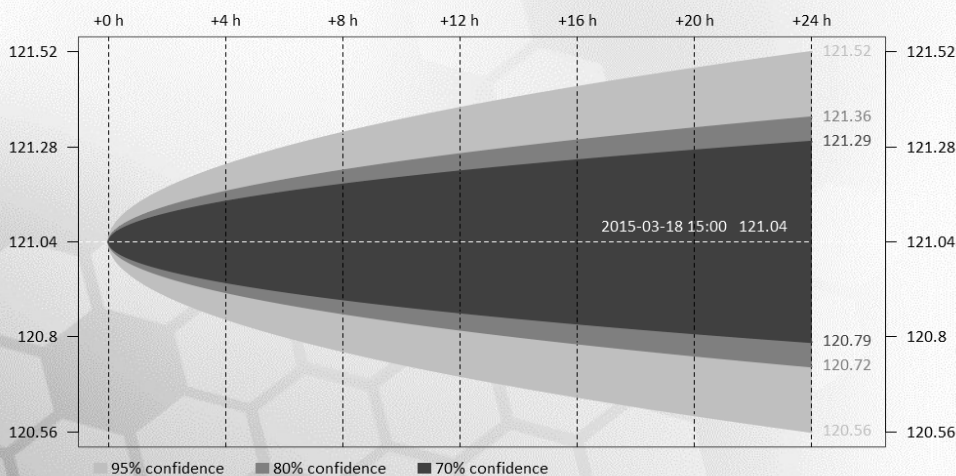
EURUSD Potential Rates



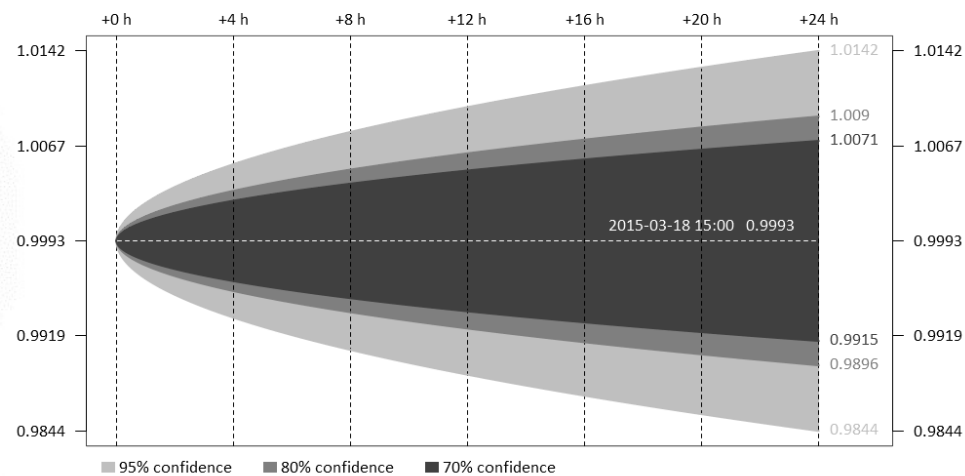
GBPUSD Potential Rates



USDJPY Potential Rates



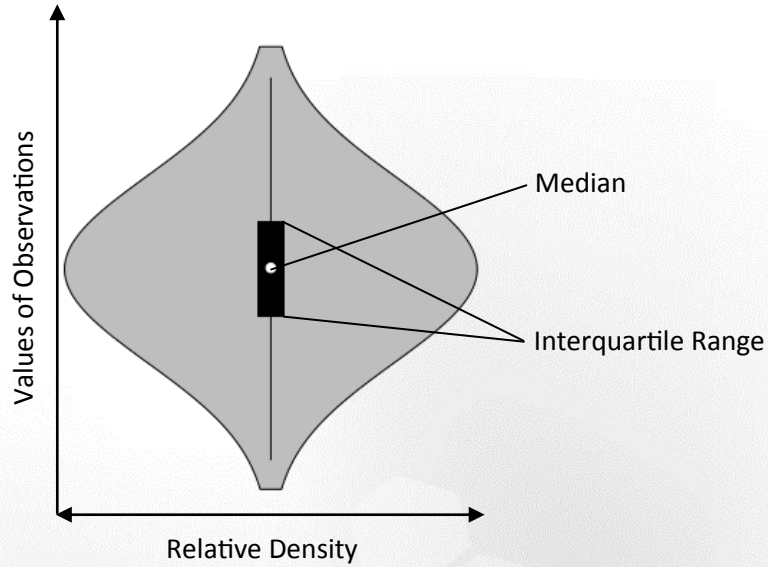
USDCHF Potential Rates



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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