



**USD**

**30/03/2015**



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# Dominant Events of the Period

## Yellow Area

March 23

02:30 - 17:00

- ECB President Draghi's Speech
- US Existing Home Sales
- Euro Zone Flash Consumer Confidence

## Turquoise Area

March 24

06:00 - 13:30

- German, Euro Zone Flash Markit PMI
- UK CPI
- US CPI, Flash Markit Manufacturing PMI, New Home Sales

## Blue Area

March 26

07:00 - 13:30

- German Gfk Consumer Confidence
- UK Retail Sales
- US Jobless Claims, Flash Markit PMI

## Purple Area

March 27

14:00 - 15:30

- UoM Consumer Confidence

USD Currency Index Change

-0.85%

-0.2%

-0.1%

0.2%

Max USD Volatility Index

1.54

2.17

1.26

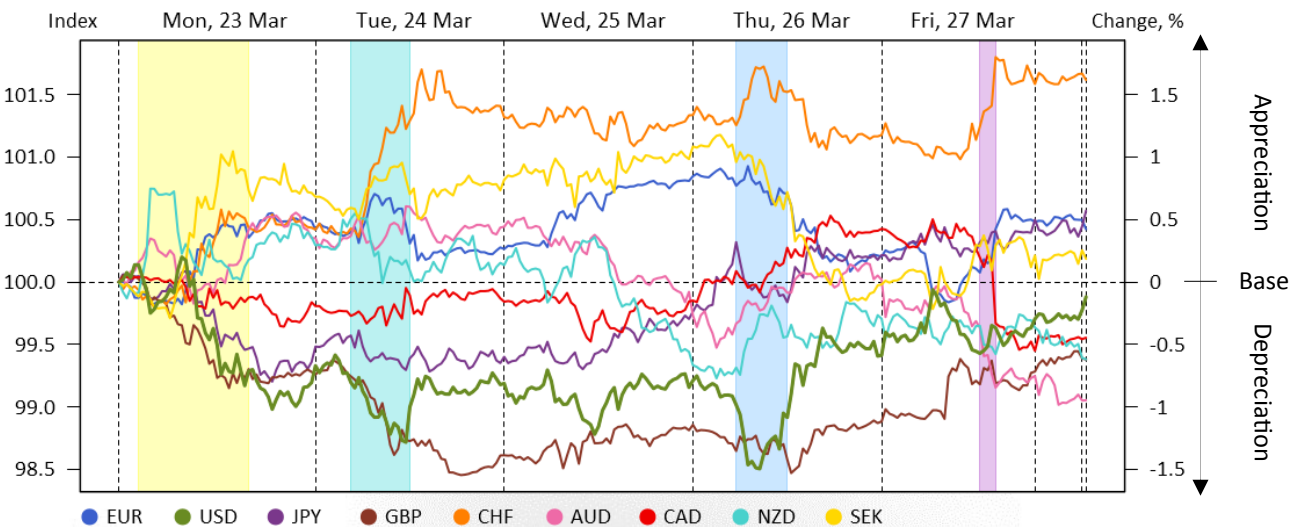
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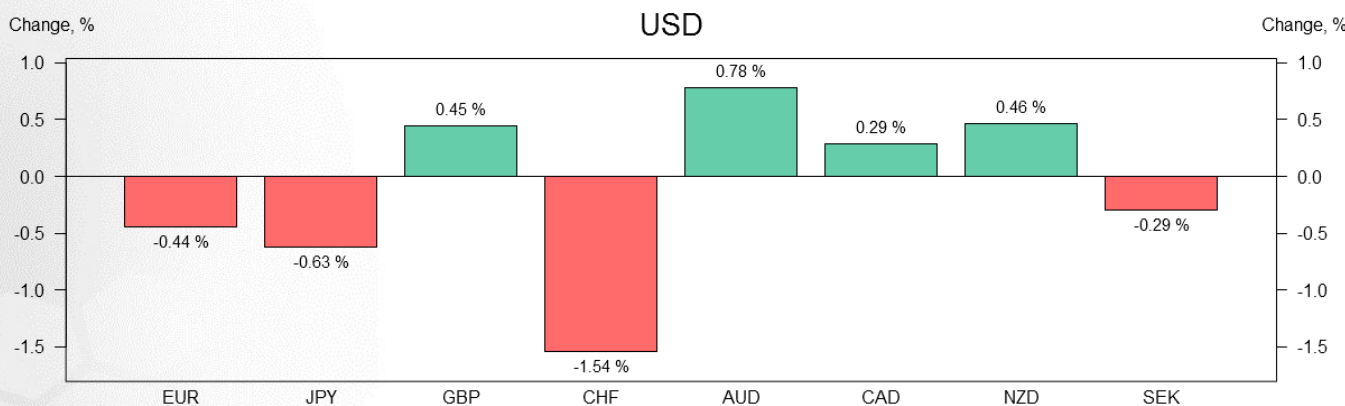
# Relative Currency Strength

## Currency Indexes

The USD Index remained in the depreciation area for the second week in a row, seemingly unable to shake off the weight of the March 18 Fed's statement. The measure spent most of the period 1-1.5% below the baseline, but ultimately managed to gain some positive momentum and erase most of its weekly loses. The only index to hold below that of the dollar was the pound's gauge, which tumbled to 98.5 points during the first two days of the week and only managed to fight back 1 point by the end of the period. Meanwhile, the CHF Index became the best performer, helped greatly by the franc's surge against its major peers on Tuesday.



Weighted by the speculations around a possible delay of the Fed's rate hike, the USD Index entered the new trading week on a sharp downtrend, and fluctuated around the 99 points mark till Thursday. Penultimate day of the period proved to be a turning point, as the index dipped to the week's minimum at the beginning of the European session and then swiftly recovered to hover just 0.5 points below the baseline, richly fueled by upbeat jobless claims and Markit PMI numbers. Among other noteworthy events, the NZD Index showed a peculiar pattern on Monday, when AUD/NZD hit its historical low at 1.0216 and then bounced back above the 1.03 mark. The Loonie's index, in turn, suffered the period's sharpest fall, as the Canadian currency was stricken by tumbling crude oil prices on Friday.



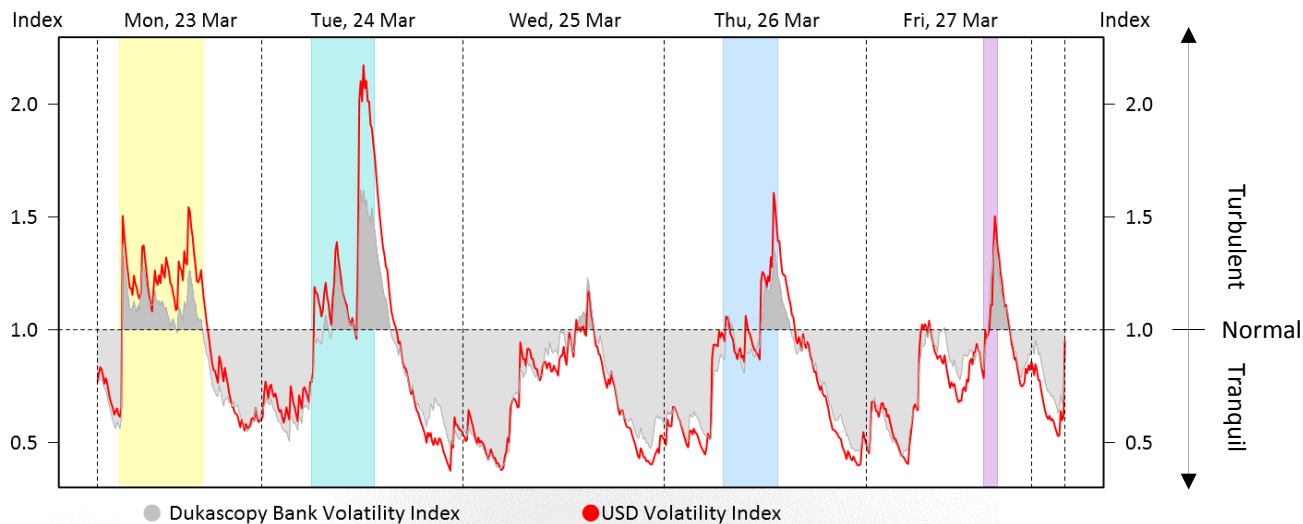
### Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.42%	-0.12%	0.57%	-0.62%	1.62%	-0.95%	-0.45%	-0.62%	0.18%
20	-2.4%	1.33%	2.04%	-2.39%	0.62%	0.65%	0.41%	1.57%	-2.32%
130	-7.87%	9.09%	0%	-0.15%	8.53%	-3.7%	-3.79%	7.08%	-9.81%
250	-10.17%	16.39%	-0.15%	3.67%	7.08%	-3.85%	1.55%	0.67%	-15.16%



# Volatility

## Volatility



In spite of the fact that the week was rich with economic events, it was rather calm in terms of volatility. Monday and Tuesday were the most turbulent days, and during Monday market volatility was above the average historical level for 47% of time. All in all, there were only several moments during the week when the market volatility spikes were not associated with the Greenback's movements. Firstly, on Monday morning, the Kiwi surged and its volatility index reached the 3.78 points level – the highest among all the volatility indexes during the week. Then Tuesday started with disappointing UK CPI and PPI releases, and the pound's index met the 1.78 points level. Finally, oil

prices drop on Friday caused the second highest market volatility peak.

The Greenback started the week with a very turbulent day. The index spiked early in the morning, while the NZD/USD volatility measure reached the 3.84 mark. Later, the dollar was shaken by President Draghi's comments on Euro area's economy, and lower-than-expected US home sales data. Tuesday's US CPI release, which turned out to be more optimistic than predicted, was accompanied by the most notable USD volatility peak. It is worth noting that the Market Volatility Index showed its greatest level of 1.62 points at the same time. The mixed jobless claims data and positive PMI provoked the second highest spike of the dollar's gauge.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
23	26	22	32	23	32	27	26	25	23

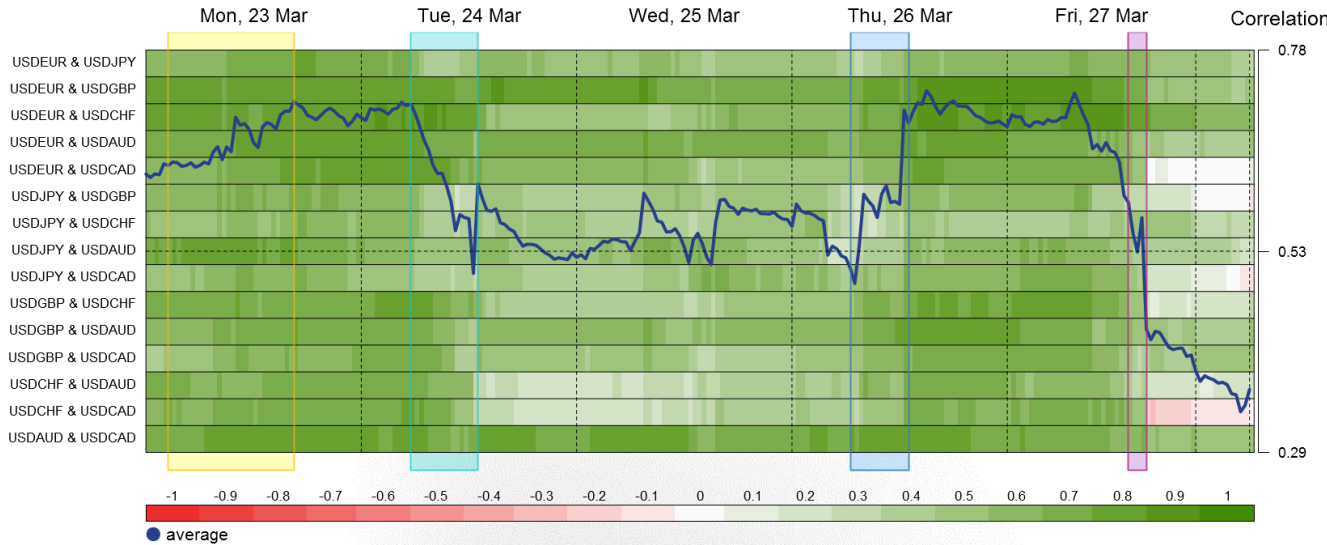
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.62	2.17	2.17	1.89	2.03	2.06	2.78	2.97	3.84	2.08
Min	0.38	0.38	0.25	0.36	0.21	0.26	0.34	0.31	0.36	0.28
Average	0.82	0.84	0.76	0.9	0.79	0.87	0.88	0.85	0.91	0.77



# Currency Significance

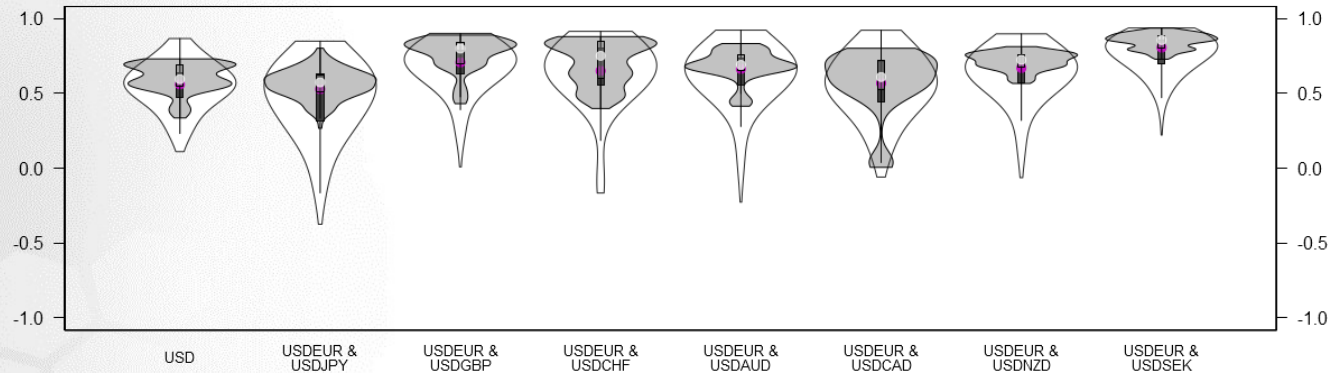
## Correlations



The Greenback's significance measure held above its usual level for almost the whole period, fluctuating around 0.63 points during the first four days. However, there was a significant drop on Friday, and the measure ended the week on the 0.36 points level. Meanwhile, the average values of component correlations were very similar to the previous week's readings. The most noticeable changes occurred in correlations between USD/EUR and USD/GBP, where the bond has strengthened by 0.13 points.

The USD significance measure started to rise from the very beginning of the week and reached the 0.72 mark by Tuesday morning. Ahead of the US CPI release, the composite fell, losing 0.2 points. However, the encouraging data report managed the measure to increase for a while, until it fell back to 0.52 points in the evening. It held the level throughout Wednesday, and the next major change came only on Thursday. The US employment and Markit PMI data fuelled the growth of the Greenback's significance, and by midday it reached the 0.73 mark - the maximum value of the week. The measure managed to stay on this level till Friday. Then, the strength of the composite began to gradually weaken.

## Correlations (5 vs 20 days)

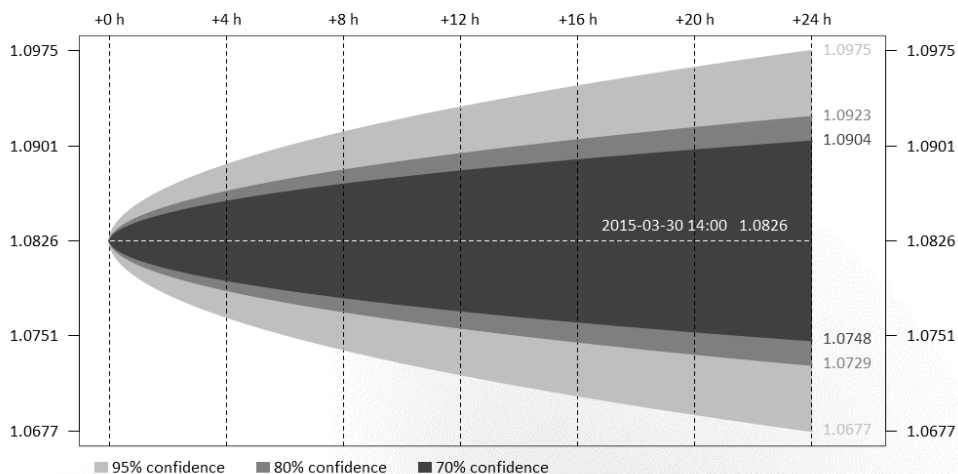


## Mean Correlation Coefficient (with USDEUR)

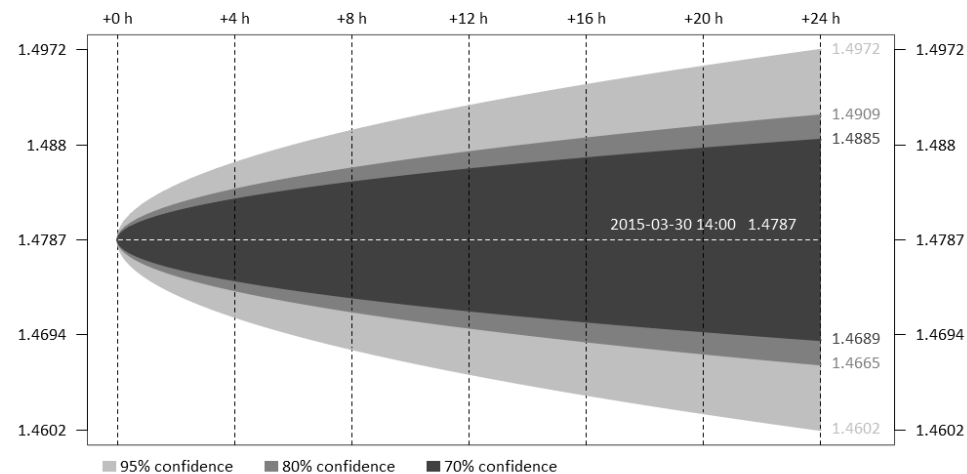
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.6	0.56	0.76	0.7	0.68	0.58	0.71	0.85
20	0.55	0.47	0.68	0.64	0.63	0.55	0.64	0.77
130	0.47	0.42	0.6	0.71	0.52	0.42	0.54	0.65
250	0.42	0.37	0.5	0.8	0.42	0.33	0.46	0.62

# Confidence Intervals for Next 24 Hours

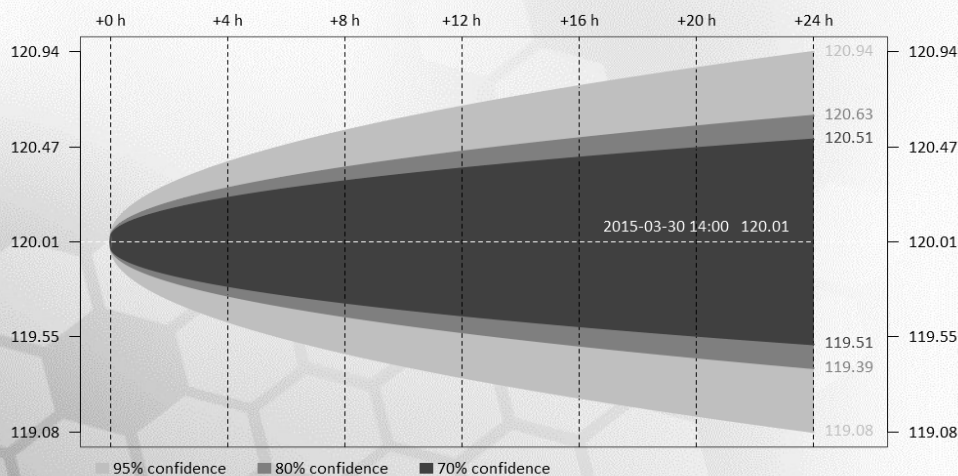
EURUSD Potential Rates



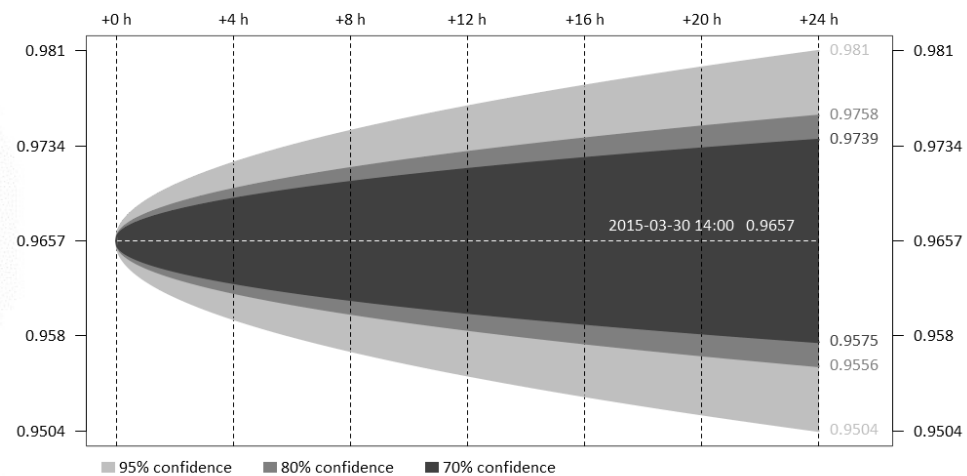
GBPUSD Potential Rates



USDJPY Potential Rates



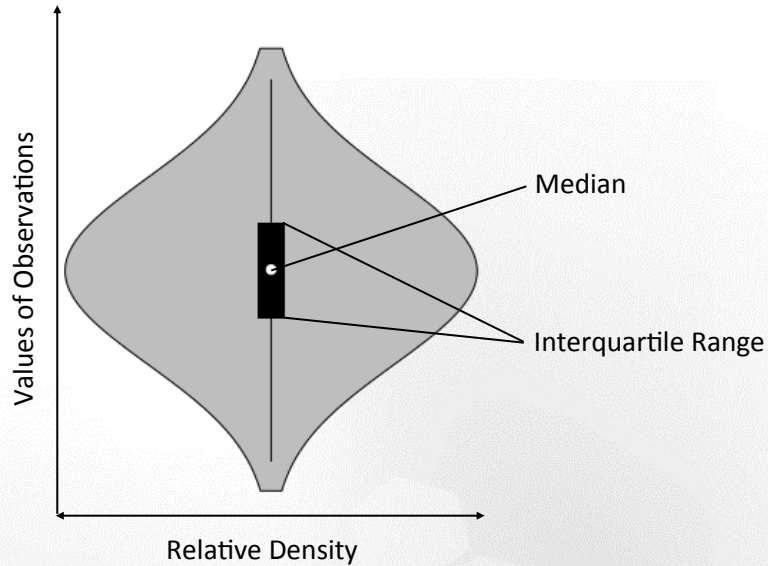
USDCHF Potential Rates



# 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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