



AUD

08/04/2015



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Market Research





Dominant Events of the Period

Yellow Area

April 1

04:30 - 16:30

- ECB Non-Monetary Policy Meeting
- Euro zone Manufacturing PMI
- UK Manufacturing
- US ADP Employment Change and Manufacturing PMI

Turquoise Area

April 2

00:00 - 15:30

- Australian Trade Balance
- UK Construction PMI
- ECB Monetary Policy Meeting Accounts
- US Trade Balance and Factory Orders

Blue Area

April 3

10:30 - 18:00

- US Unemployment Rate and Nonfarm Payrolls
- China Services PMI

Purple Area

April 7

01:30 - 15:00

- Australia Retail Sales
- RBA Interest Rate Decisions
- US Consumer Credit Change

AUD Currency Index Change

-0.3%

-0.84%

-0.16%

1.01%

Max AUD Volatility Index

1.31

1.33

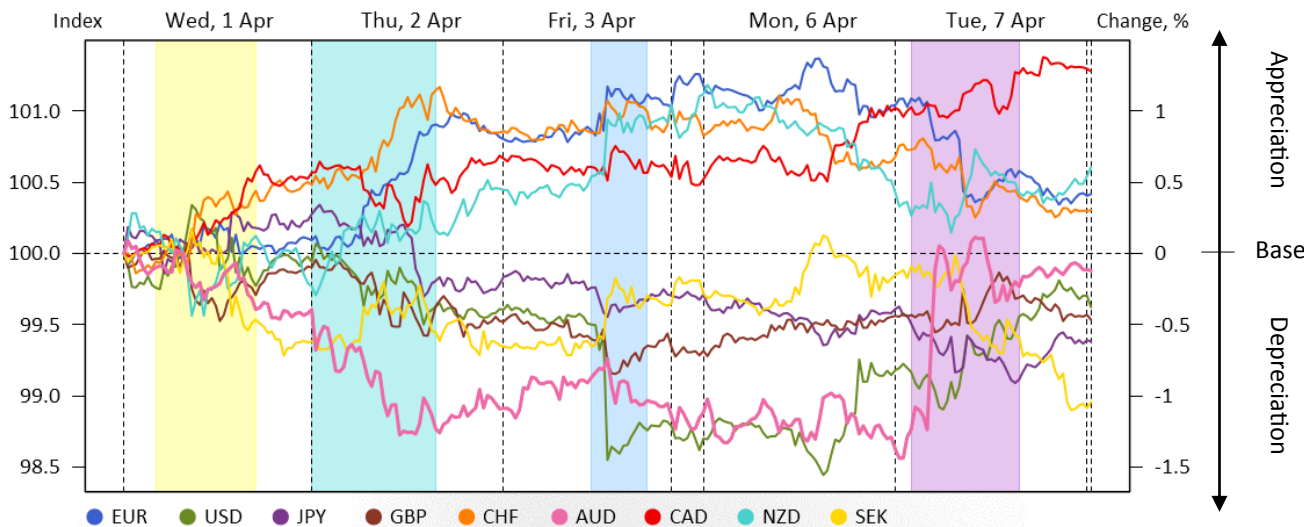
2.24

4.5



Relative Currency Strength

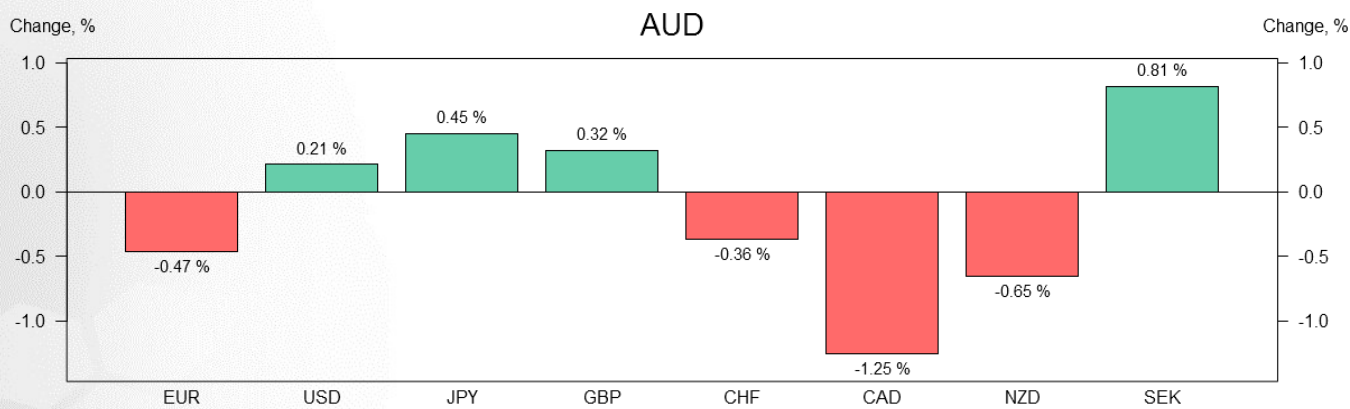
Currency Indexes



Even though the Australian Dollar performed in the most negative way among major currencies in the beginning of the period, this currency managed to overcome weakness and finish the trading week ahead of four its counterparts. All in all, the Aussie has only decreased by 0.12% from Wednesday of the previous week till Tuesday of this week. At the same time, the most significant decline was registered by the Swedish Krona and Japanese Yen, which slumped 1.04% and 0.62%, respectively. Moreover, the Nordic currency is also currently having the strongest yearly plunge which amounts to 15.22%.

On the other hand, the Canadian Dollar used to be a clear winner in terms of a weekly performance as it gained 1.28% last week.

The AUD Index started losing value already in the very beginning of the period on April 1. A pace of decline strengthened even more on Thursday, even despite better than estimated trade balance data from Australia. On that day, the Aussie Index reached one of its lowest levels during the week just above 98.5 points. Nevertheless, a decision of the RBA to maintain the key interest rate unchanged at 2.25% sent the South Pacific currency considerably to the upside, which resulted in a just 0.12% fall for the whole period.



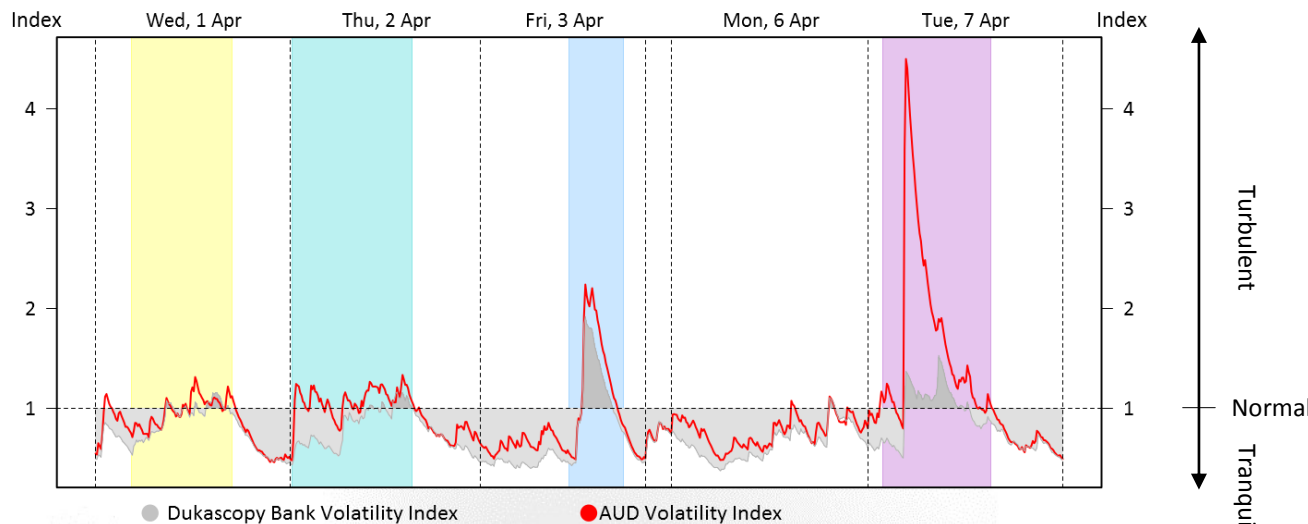
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.42%	-0.38%	-0.62%	-0.47%	0.3%	-0.12%	1.28%	0.61%	-1.04%
20	0.91%	-0.98%	0.03%	-2.75%	3.12%	-0.82%	0.56%	2.89%	-3.01%
130	-7.4%	9.46%	-1.43%	1.09%	9.66%	-5.21%	-2.27%	6.44%	-11.13%
250	-10.11%	16.7%	-0.79%	3.89%	7.26%	-5.09%	2.01%	1.35%	-15.22%



Volatility

Volatility



The past week was marked by the higher portion of the elevated volatility, compared with the market average level, while the AUD Volatility Index held above the historical level for more than 32% of the observed period, still remaining broadly silent. Market elevated volatility, in turn, was as low as just 17%. Among Aussie's index components, AUD/CAD currency pair was elevated in 44% of the time, followed by AUD/NZD with 38%. Nevertheless, with the exception of a few peaks, volatility indexes did not exceed a 1.5 points level. The most noticeable volatility spikes occurred in pairs AUD/JPY and AUD/CAD, whose indexes surged to 5.55 and 6.08 marks, respectively.

Despite incoming news from Australia on Thursday, the turbulence indicator for the domestic currency of the country reacted very insignificantly. The Volatility Index has barely exceeded the historical level of one point and remained there for the rest of the day. A more pronounced spike in volatility of the Australian Dollar was registered on Friday, helped by far worse than forecasted US nonfarm payrolls which crashed to just 126,000 last month. However, the highest turbulence index was hit back on Tuesday of this week, caused by the decision of the Reserve Bank of Australia to keep its monetary policy unchanged, while markets priced in this event as the most important during the period.

Elevated Volatility (% of the observed period)

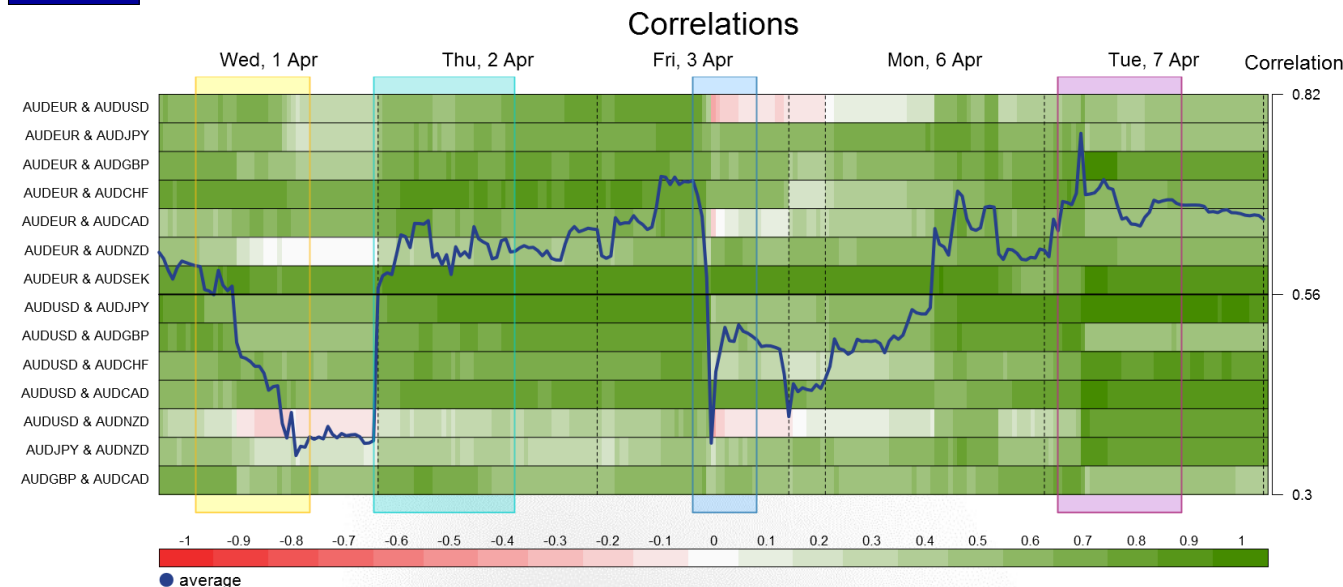
Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
17	32	33	35	34	35	33	44	38	15

Volatility Index (for the observed period)

	Market	AUD	EURAUD	AUDUSD	AUDJPY	GBPAUD	AUDCHF	AUDCAD	AUDNZD	AUDSEK
Max	1.92	4.5	4.35	4.34	5.55	4.33	4.66	6.08	5.48	3.47
Min	0.38	0.46	0.36	0.29	0.39	0.37	0.35	0.49	0.38	0.3
Average	0.75	0.95	0.95	0.94	1	0.95	0.96	1.07	1.05	0.78



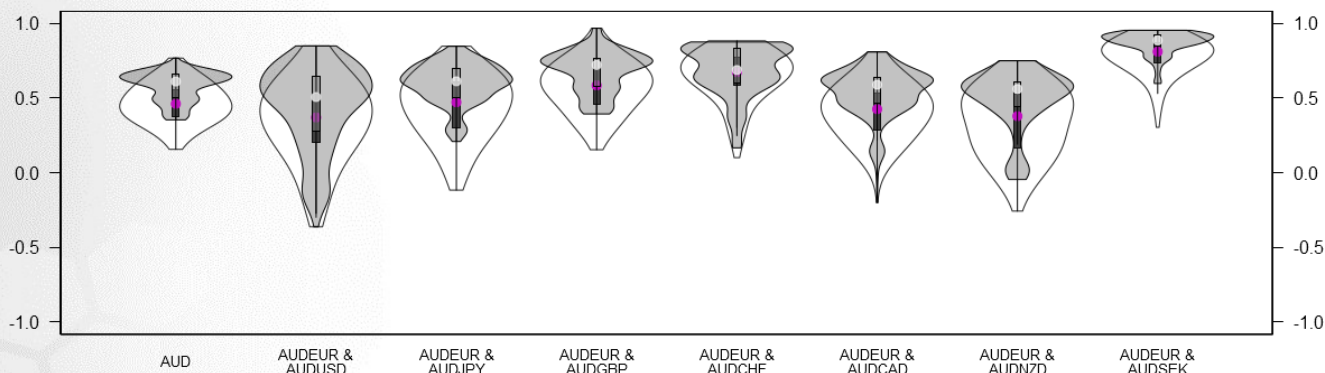
Currency Significance



The AUD composite's correlations held on exceptionally high levels throughout the period, compared with the many other currencies from our previous reviews. The average level of the week stood as high as 0.56 points, helped by many currency pairs of the Australian Dollar that moved in a pretty much the same direction. It resulted in the shorter than usually tails of violins, which prolonged below zero only in a few cases. In the meantime, the composite itself used to be volatile and registered a number of important spikes and falls, helped by some particular data releases in different countries, especially the US.

The AUD composite plummeted to its lowest level in the week at just 0.35 points already on the first day of the period. This particular case was highly influenced by AUD/USD correlation with AUD/NZD, which unexpectedly fell below zero. However, a rebound of correlations between the same two currency pairs resulted in the composite surging up to 0.65 points. A disappointing labour market data in the US on Friday sent many USD currency pairs against the market trend, and the AUD composite fell to the weekly low for the second time in three days. Despite that, a gradual recovery of the AUD significance, fueled by RBA rate decision, helped it to reach the period's high on Tuesday at 0.70 points. It has also closed well above the average level at the end of Tuesday's trading session.

Correlations (5 vs 20 days)

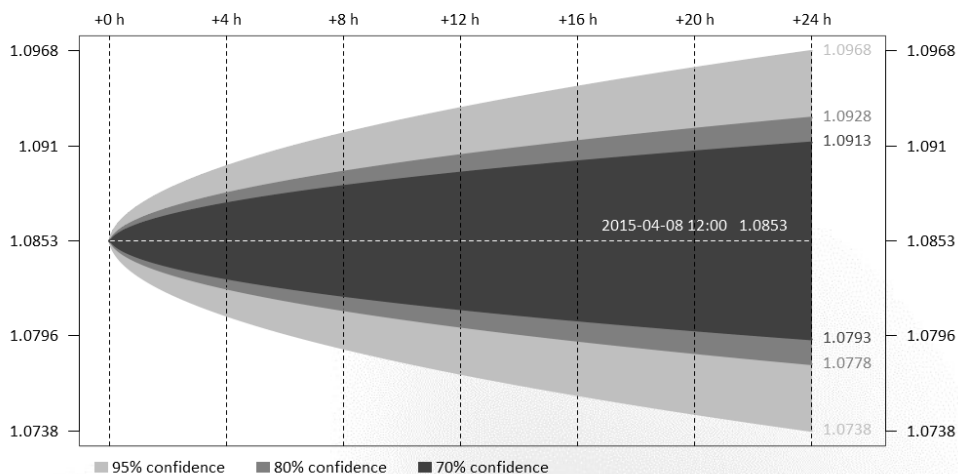


Mean Correlation Coefficient (with AUDEUR)

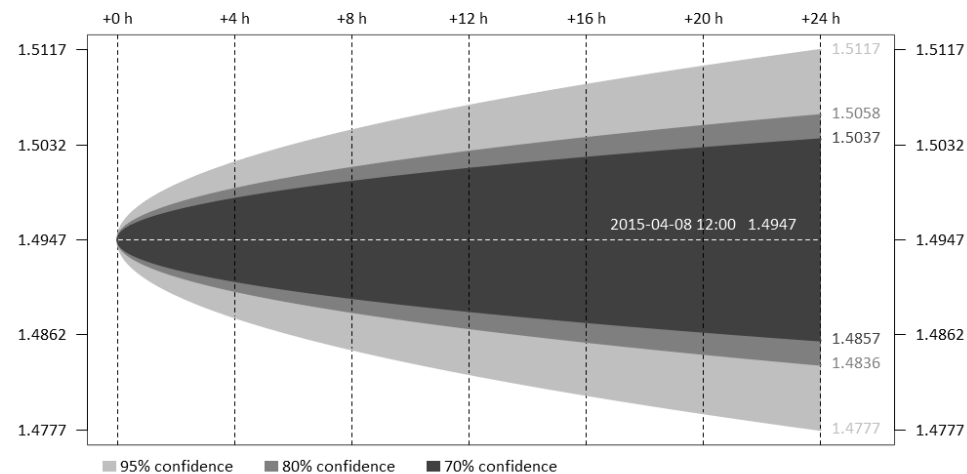
Days	AUD	AUDUSD	AUDJPY	AUDGBP	AUDCHF	AUDCAD	AUDNZD	AUDSEK
5	0.58	0.44	0.6	0.68	0.69	0.54	0.49	0.87
20	0.46	0.34	0.44	0.57	0.65	0.41	0.33	0.79
130	0.53	0.61	0.56	0.7	0.79	0.53	0.35	0.74
250	0.54	0.67	0.61	0.7	0.87	0.55	0.33	0.73

Confidence Intervals for Next 24 Hours

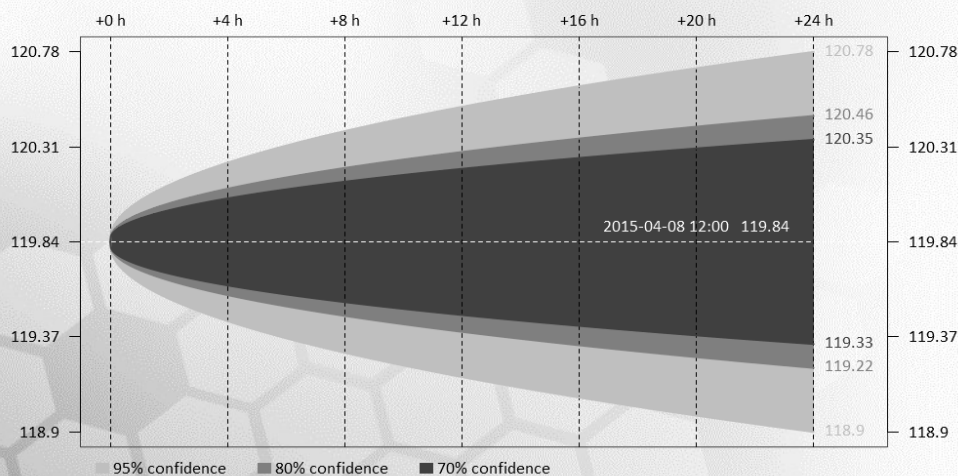
EURUSD Potential Rates



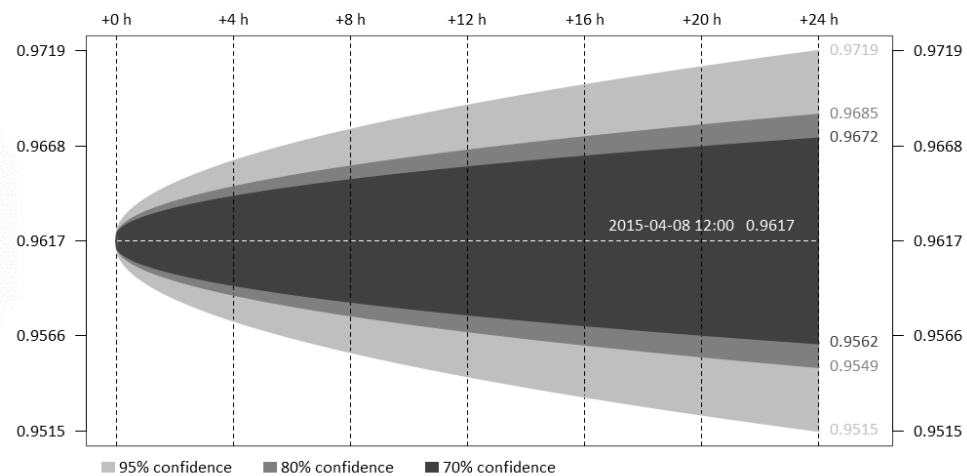
GBPUSD Potential Rates



USDJPY Potential Rates



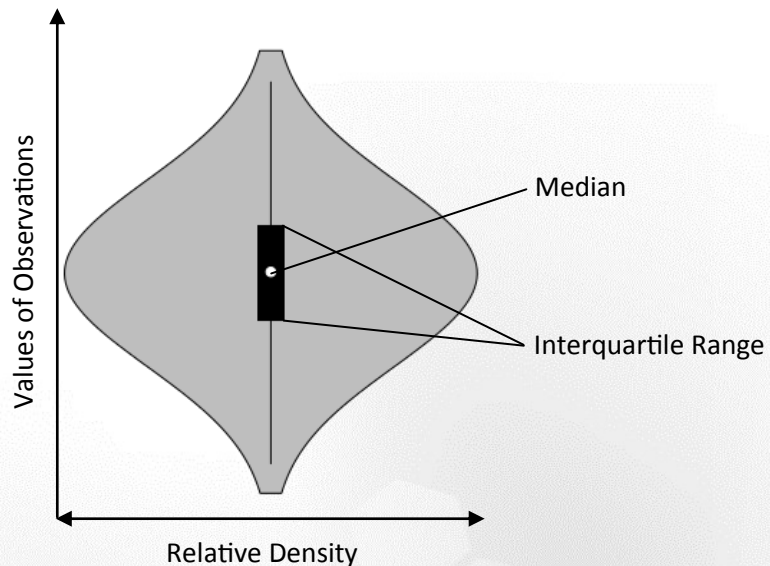
USDCHF Potential Rates



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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