



**USD**

13/04/2015



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# Dominant Events of the Period

## Yellow Area

April 7

04:00 - 12:30

- RBA Interest Rate Decisions
- Euro zone Markit Services PMI

## Turquoise Area

April 8

13:30 - 19:00

- US 10-Year Note Auction and FOMC Minutes

## Blue Area

April 10

12:00 - 15:00

- Canadian Flash Housing Starts, Unemployment Rate, Net Change in Employment
- UK NIESR GDP Estimate

USD Currency Index Change

0.34%

0.45%

-0.32%

Max USD Volatility Index

1.5

1.6

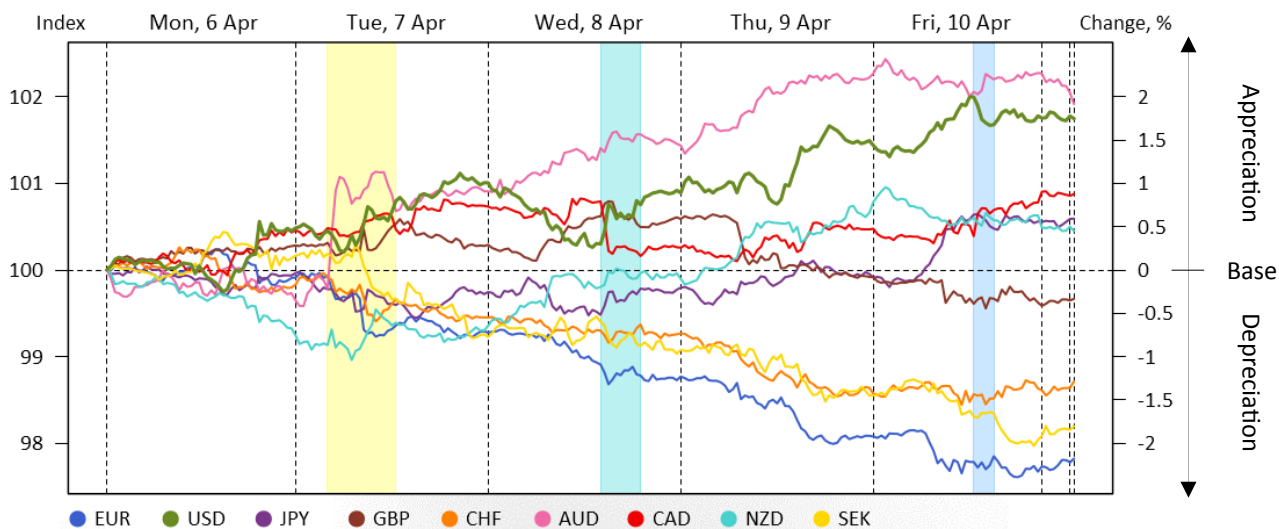
1.2





# Relative Currency Strength

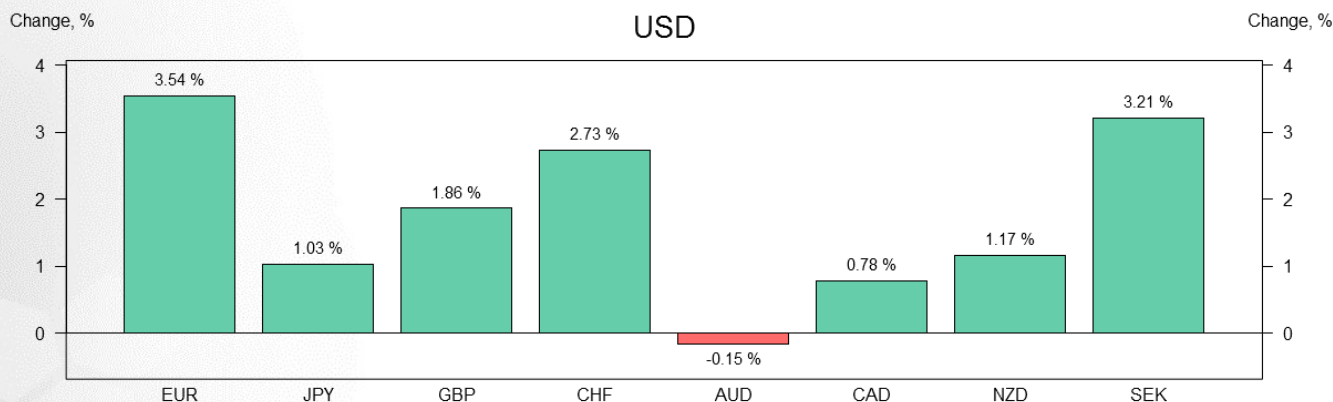
## Currency Indexes



The past week was almost a mirror image of the one ending on April 3, as many indexes switched sides around the baseline. The dollar and the Aussie made the most noteworthy recoveries, rising their indexes from the two worst to the two best positions. Both gauges enjoyed steady growth after early sharp jumps, the Greenback's measure crossing above the baseline as the demand for the currency rose back from the Friday's low on Monday, while the Aussie's index surged on Tuesday, when the RBA surprised the market by leaving the interest rate at 2.25%.

Conversely, the Euro's, the krona's, and the franc's gauges were tumbling down throughout the period, erasing previous gains and ultimately ending the week well below their peers.

The USD Index was hit heavily on April 3, when weaker-than-expected payrolls growth caused it to lose almost a whole point, and afterwards started the new week glued to the baseline. However, the Greenback shot up in Monday afternoon, as the investors turned back to buying the currency, pushing the index above its peers and starting off a week-long uptrend. Throughout the period, the currency was well supported by lingering expectations of a rate hike and growing US Treasury yields, ultimately putting the USD Index 1.75% above the base level.



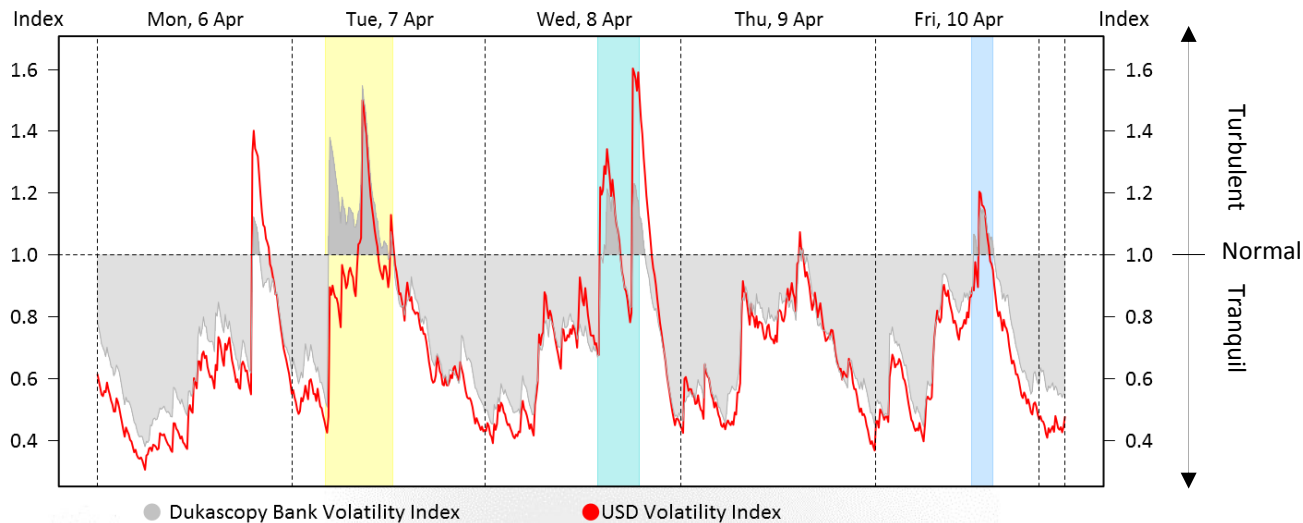
### Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-2.18%	1.75%	0.59%	-0.33%	-1.29%	1.92%	0.88%	0.45%	-1.8%
20	0.19%	-0.62%	0.27%	-1.69%	2.33%	-0.76%	1.05%	1.58%	-2.6%
130	-8.97%	10.58%	-1.49%	0.53%	8.55%	-3.53%	-1.59%	6.64%	-11.68%
250	-11.77%	18.22%	-0.65%	3.22%	5.91%	-4.74%	2.9%	2.17%	-15.25%



# Volatility

## Volatility



The week was relatively calm for the market in general and all the observed currencies in particular. The Aussie was the most volatile currency, with its index holding above the average historical level in 19% of time and reached a 4.46 peak on Tuesday after the RBA rate statement publication. The most conspicuous 1.55 points peak of the market volatility index took place a few hours later, when the Euro zone and the UK services PMI were announced. Moreover, the volatility of both EUR/USD and GBP/USD pairs reached the week's maxima at that moment. Wednesday's turbulence was fully associated with news on the US economy, but the volatility spike on

Friday was provoked by the release of optimistic Canadian housing data.

The week started with a tranquil Monday, but the Greenback's appreciation in the evening was reflected in the volatility increase. On Tuesday, when the dollar strengthened against the background of weakening Euro, the index surged for the second time and reached its second highest mark. The next day was the most turbulent for the currency, as the change in crude oil storage turned out to be three times greater than the expected and the Fed minutes showed several FOMC members see June hike as possible. The gauge did not experience notable spikes during the rest of the week. The most interesting was the volatility increase following the surprisingly positive Canadian economic releases.

### Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	12	10	8	11	8	12	20	17	10	12

### Volatility Index (for the observed period)

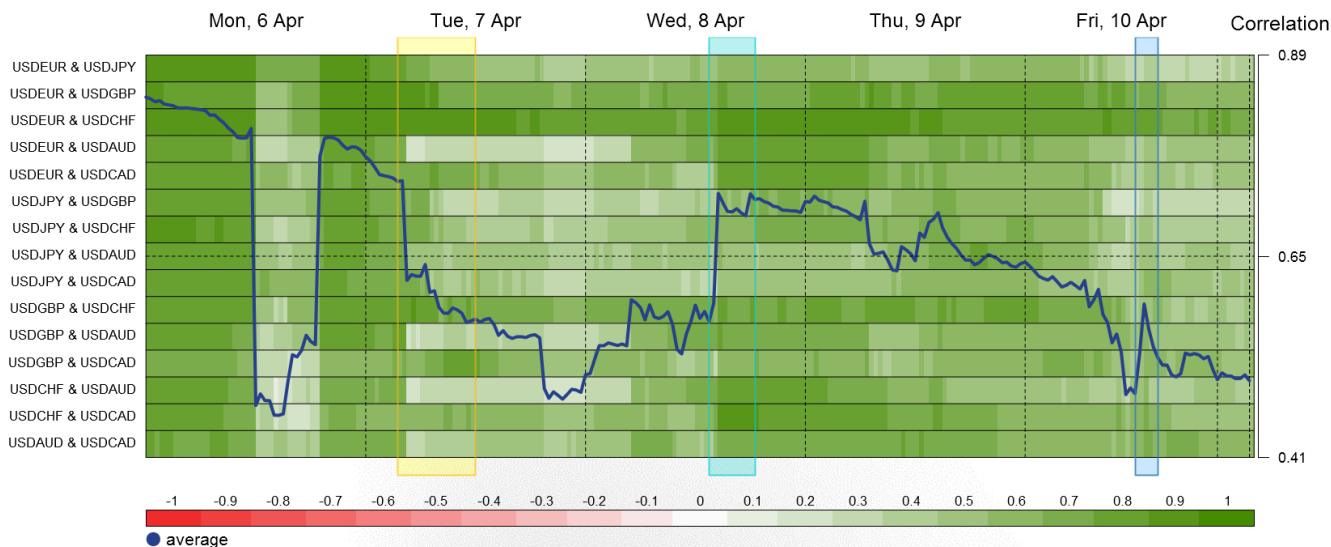
	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.55	1.6	1.68	2.23	1.88	2.31	3.69	2.3	1.7	1.45
Min	0.38	0.31	0.22	0.33	0.14	0.24	0.3	0.29	0.29	0.21
Average	0.74	0.69	0.62	0.71	0.6	0.68	0.82	0.76	0.71	0.68





# Currency Significance

## Correlations

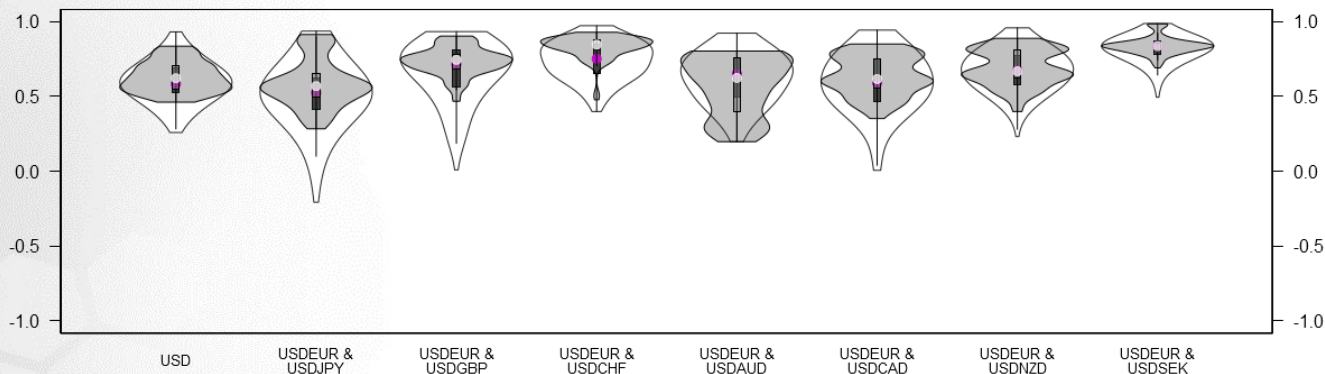


The US dollar's significance measure showed a downward trend during the past week. Thus, in a five-day period the measure has lost more than 0.3 points. Nonetheless, the average values of the composite and its USD/EUR components stayed on their usual levels. Compared with the previous period, when the average correlations declined slightly, the past week's values gained from 0.01 to 0.19 points.

After the previous week's surge, the Greenback's significance measure started the period at the extremely high level of 0.84. However, ahead of

the Fed's Dudley speech the measure fell sharply and by the time of the US non-manufacturing PMI release the composite dropped to the minimum value of the period. The decline was short-lived, and the evening the measure skyrocketed to 0.79. The RBA interest rate decision caused the new decline of the composite. The gauge lost 0.17 points and continued to decrease. The US consumer credit change data pushed the composite even lower, and it slid to the 0.48 mark. On Wednesday, Dudley's speech managed the USD gauge to gain 0.19 points and stayed at the level of 0.71 till the next morning. Nevertheless, afterwards the composite showed the downward trend and ended the period at the 0.5 mark.

## Correlations (5 vs 20 days)

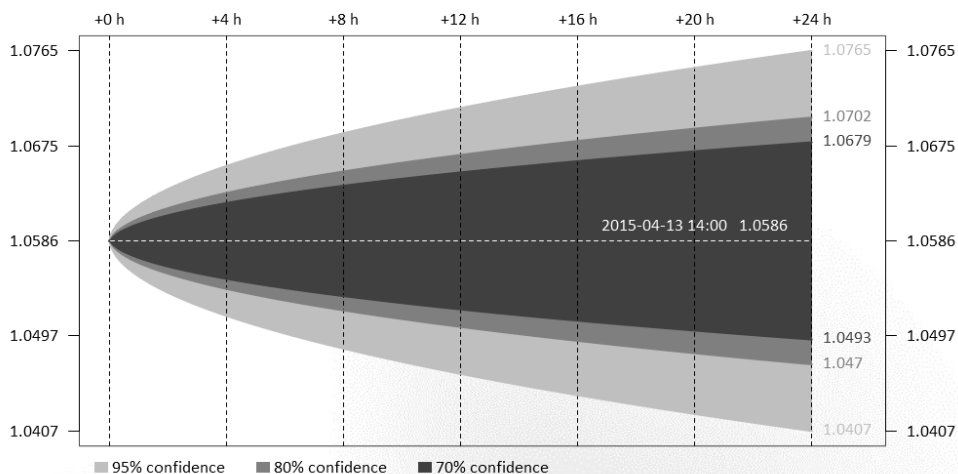


## Mean Correlation Coefficient (with USDEUR)

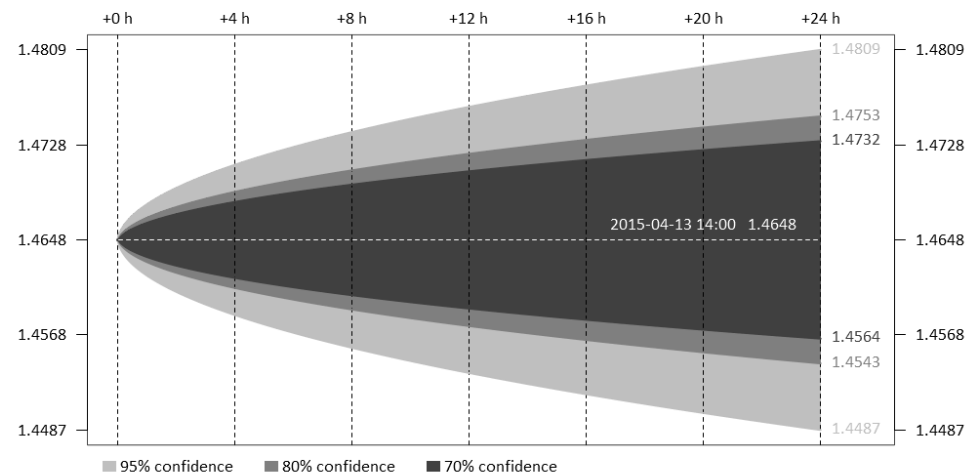
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.63	0.59	0.74	0.83	0.56	0.64	0.69	0.84
20	0.59	0.52	0.67	0.74	0.62	0.59	0.67	0.82
130	0.46	0.41	0.59	0.7	0.51	0.42	0.53	0.66
250	0.43	0.38	0.51	0.79	0.44	0.34	0.47	0.63

# Confidence Intervals for Next 24 Hours

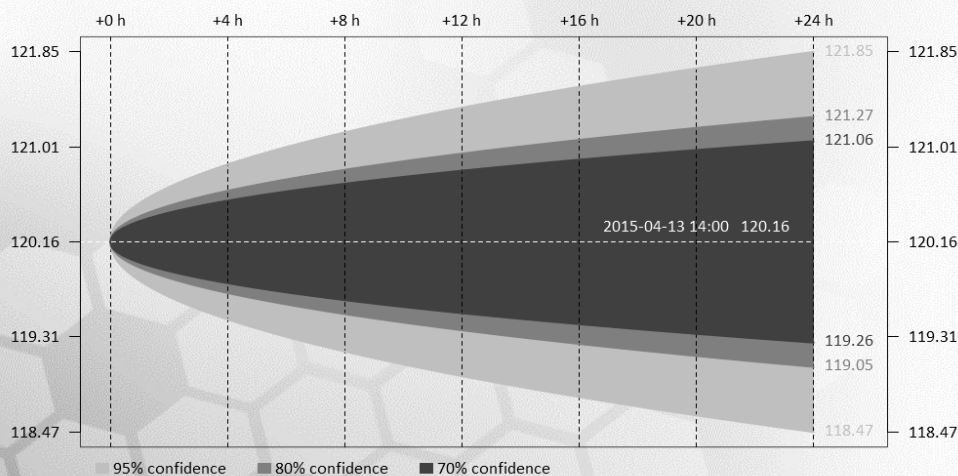
EURUSD Potential Rates



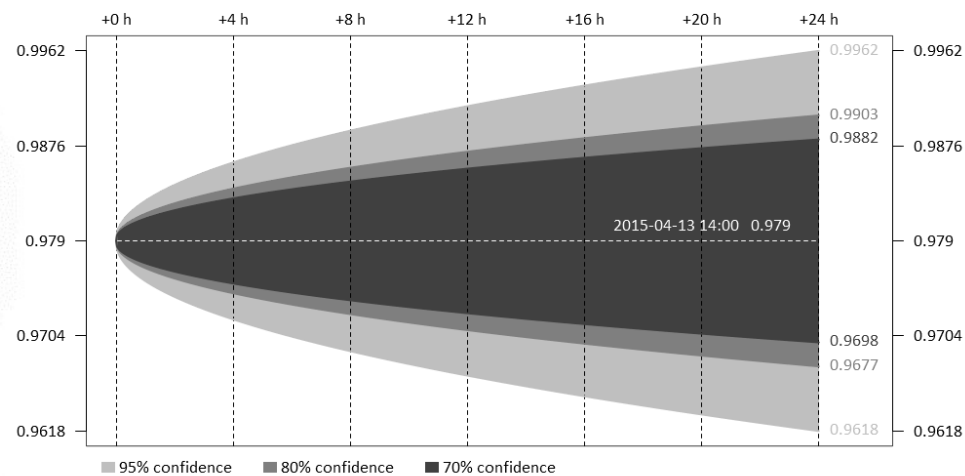
GBPUSD Potential Rates



USDJPY Potential Rates



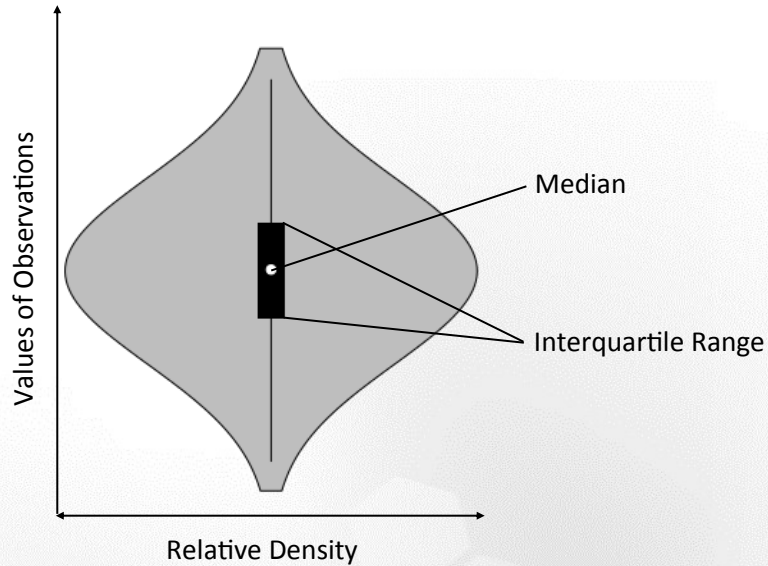
USDCHF Potential Rates



## 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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