



GBP

29/04/2015



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Market Research





Dominant Events of the Period

Yellow Area

April 22

04:00 - 16:00

- BoE Meeting Minutes
- Australian CPI

Turquoise Area

April 23

05:30 - 17:30

- UK Public Sector Net Borrowing
- China HSBC Manufacturing PMI
- Euro zone Manufacturing PMI
- US Manufacturing PMI

Blue Area

April 24

05:00 - 17:00

- German IFO Business Climate
- US Durable Goods Orders

Purple Area

April 28

03:00 - 18:00

- UK GDP
- US Consumer Confidence

GBP Currency Index Change

0.82%

-0.52%

0.56%

-0.08%

Max GBP Volatility Index

1.61

1.55

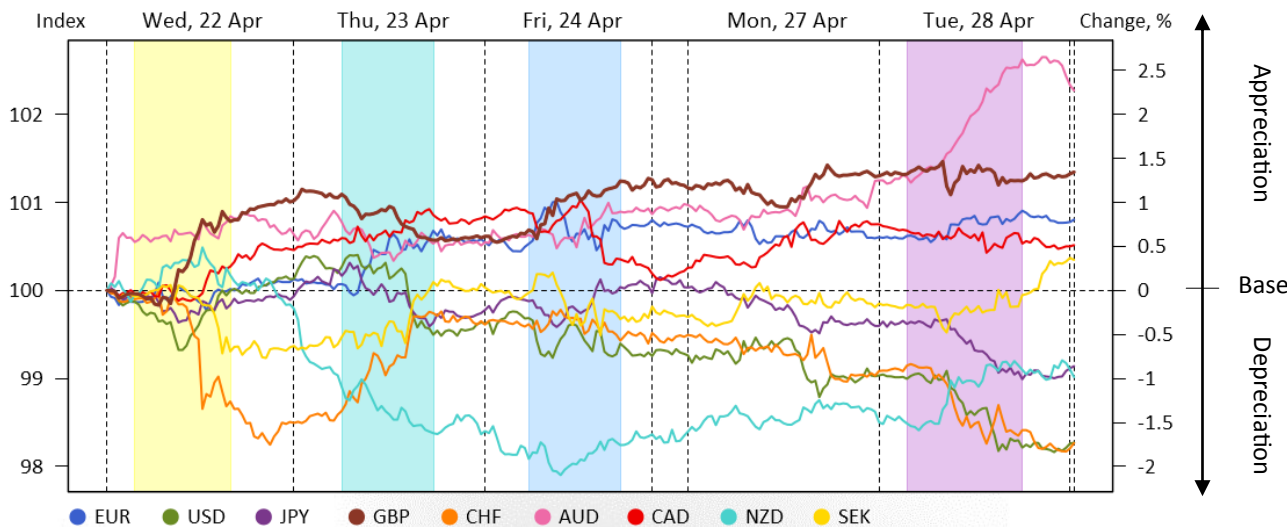
1.73

1.96



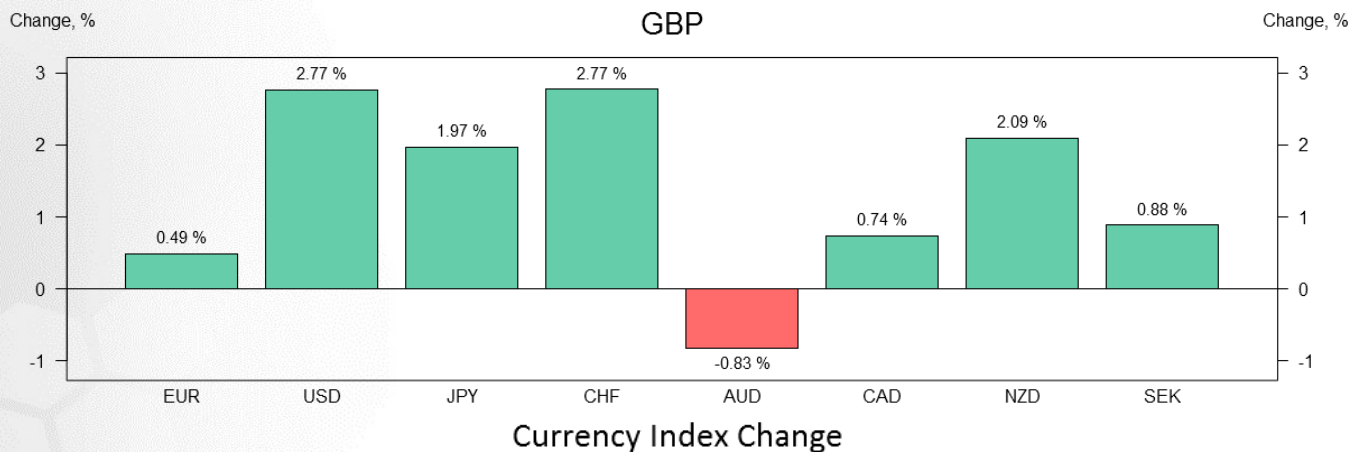
Relative Currency Strength

Currency Indexes



The British currency stayed strong throughout the vast part of the period from April 22 till April 28, by out-performing the majority of its counterparts and registering the second largest gain on a weekly basis. Except the first part of Wednesday, the Sterling traded well above the baseline in course of other days of the period. Until Friday, the Pound was leading market gains; however, a strong advance in the value of the Australian Dollar pushed GBP to the second place. In the meantime, last week's major losers used to be the US Dollar and Swiss Franc, as both of them posted an equal slump in value that amounted to 1.73%.

On Wednesday, the UK Pound showed strength in the second part of the day, and the currency's index surged as high as 100.8 points. The move was mainly caused by meeting minutes of the Bank of England, which showed more hawkish than expected stance on inflation from the regulator's side, as it expects a pickup as soon as in the beginning of 2016. On Thursday, the Pound remained positive, even though optimistic public sector net borrowing data failed to provide the currency with additional bullish impetus. Nevertheless, growth resumed on Friday and the Sterling finished the period with a rise of 1.35%, while disappointing GDP numbers have only had a short-term negative impact on the Pound on Tuesday.

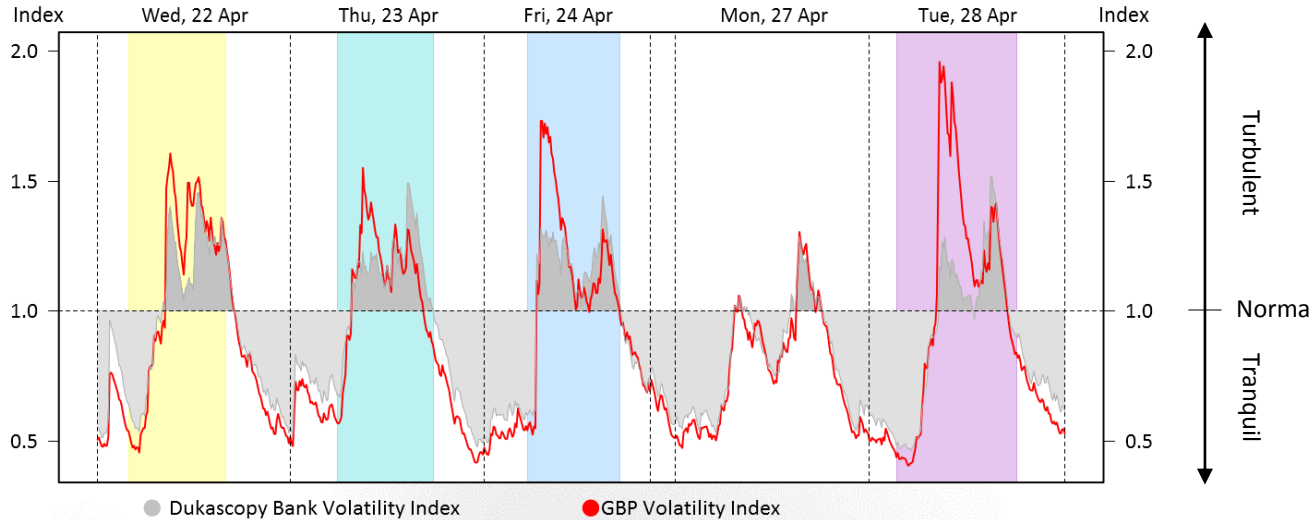


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.8%	-1.73%	-0.86%	1.35%	-1.73%	2.27%	0.52%	-0.99%	0.35%
20	-0.75%	-2.25%	-1.7%	0.88%	-0.99%	2.71%	2.92%	1.06%	-1.73%
130	-8.78%	7.78%	-2.41%	2.55%	7.42%	-3.55%	-0.21%	5.09%	-8.98%
250	-11.86%	14.41%	-2.23%	4.03%	5.13%	-1.95%	4.52%	3.1%	-15.17%



Volatility

Volatility



As can be seen from the main volatility chart, periods with exceptionally high turbulence indicators were usually changed by time slots with low volatility of the Pound. The portion of elevated GBP volatility at 33% was slightly below that of the market average of 36%. The highest elevated volatility indicator was posted by GBP/CHF currency pair, as this cross used to be increasingly volatile in 50% of all time. On the other hand, GBP/AUD registered the lowest volatility among all major currency pairs of the Sterling, as it remained tranquil in 86% of all time during the period from last Wednesday until Tuesday of this week.

It seems that volatility of the British Pound was in many cases driven by news from outside the UK, even though domestic data releases have also had a major impact on performance of this currency. On Wednesday and Thursday, the Sterling stayed turbulent amid meeting minutes from the Bank of England and previously-mentioned data UK public finances. Alongside, the second highest volatility spike took place on Friday, which was caused by IFO's business climate data for Germany that posted a continuous improvement. Meanwhile, the biggest turbulence was registered on Tuesday, when market participants reacted strongly to considerably worse-than-forecasted UK GDP data. Numbers revealed that British economy grew just 0.3% in the first three months of 2015.

Elevated Volatility (% of the observed period)

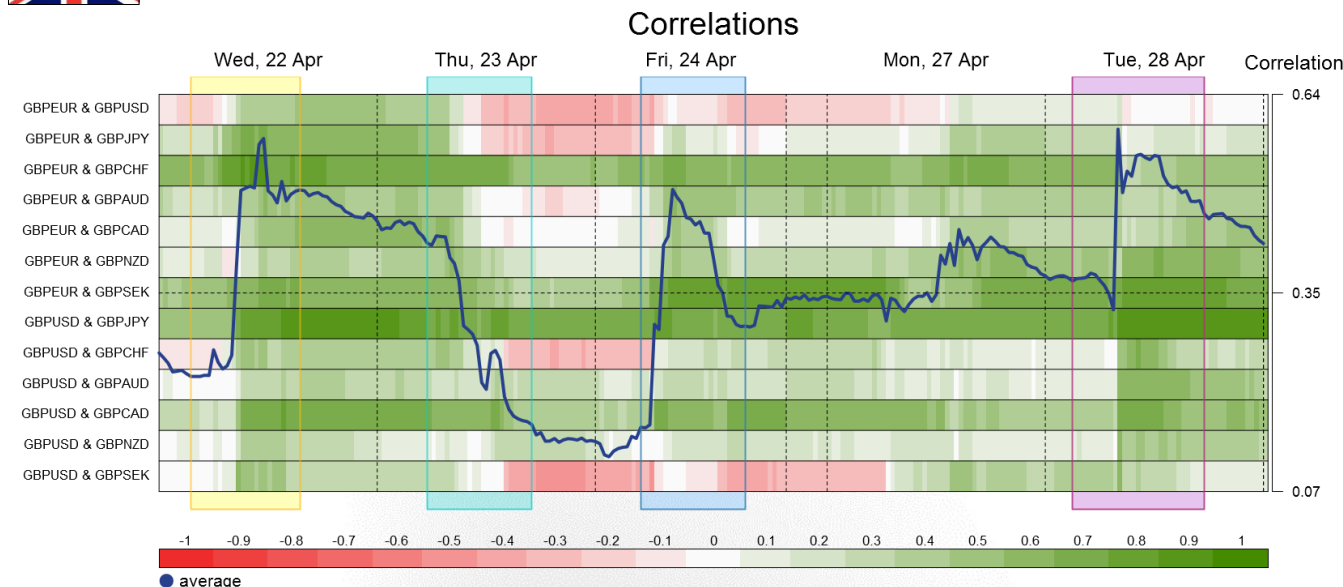
Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
36	33	36	36	32	50	14	31	30	33

Volatility Index (for the observed period)

	Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
Max	1.52	1.96	3.23	2.14	2.59	3.44	1.97	1.83	1.7	1.96
Min	0.46	0.4	0.28	0.27	0.35	0.29	0.33	0.22	0.44	0.25
Average	0.88	0.87	0.91	0.86	0.89	1.11	0.75	0.79	0.88	0.83



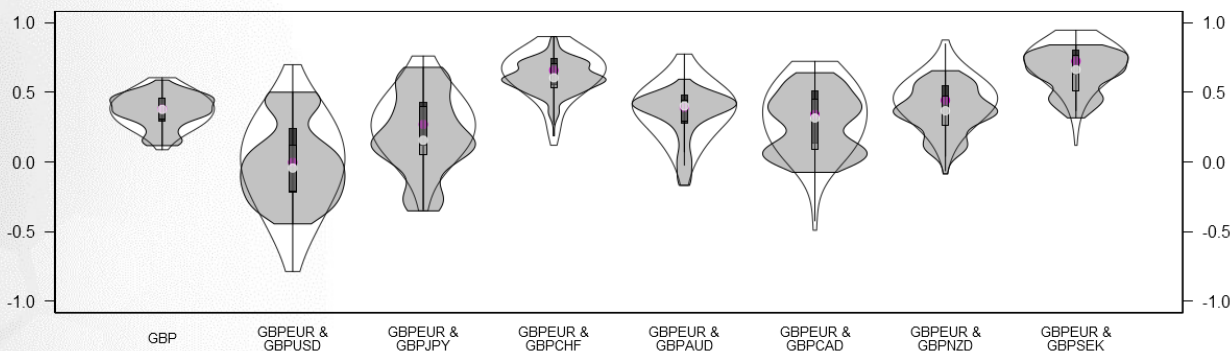
Currency Significance



Significance of the GBP, calculated as an average correlation between different crosses of this currency, was at rather high levels during the reported trading period. It can be observed that the composite developed in many ways on a positive side from the historical average level of 0.35, as the mean correlation coefficient stayed at 0.37 points. Especially high correlations of different Sterling's currency pairs were seen in the beginning and in the end of the period, while weekly lows were reached in the night between Thursday and Friday just around 0.10 points.

For both weekly and monthly periods, the correlation between GBP/EUR and GBP/USD crosses has a net negative number of -0.01 . While these two currency pairs of the Pound are the most traded ones, their correlations are also having a downward pressure on the composite. Despite starting the last period on a positive note, the Sterling's significance fell noticeably on Thursday, as five major components plunged significantly below zero, following a series of disappointing data releases on both European and US manufacturing activity. Nevertheless, positive statistics from Germany on Friday gave the composite a chance to rebound. Thus, on Tuesday the correlations managed to reach their weekly highs, by hitting 0.60 points as GBP currency pairs had a very similar negative reaction on UK economic growth data that day.

Correlations (5 vs 20 days)

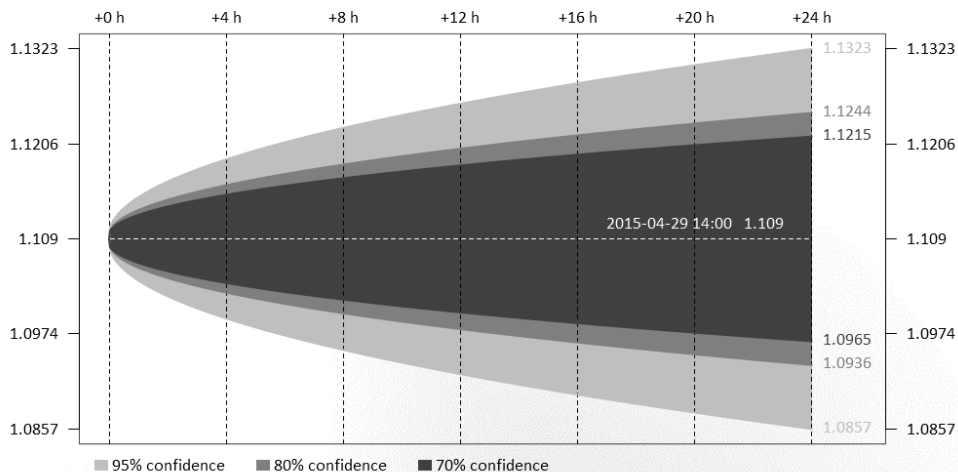


Mean Correlation Coefficient (with GBPEUR)

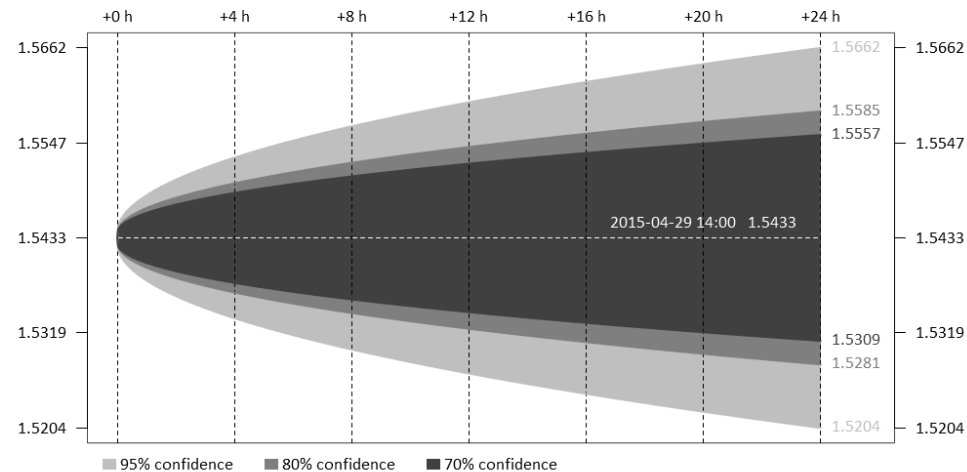
Days	GBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
5	0.37	-0.01	0.19	0.61	0.33	0.27	0.36	0.63
20	0.37	-0.01	0.27	0.63	0.37	0.32	0.44	0.7
130	0.35	0.17	0.33	0.67	0.36	0.3	0.39	0.62
250	0.39	0.3	0.4	0.79	0.35	0.34	0.37	0.61

Confidence Intervals for Next 24 Hours

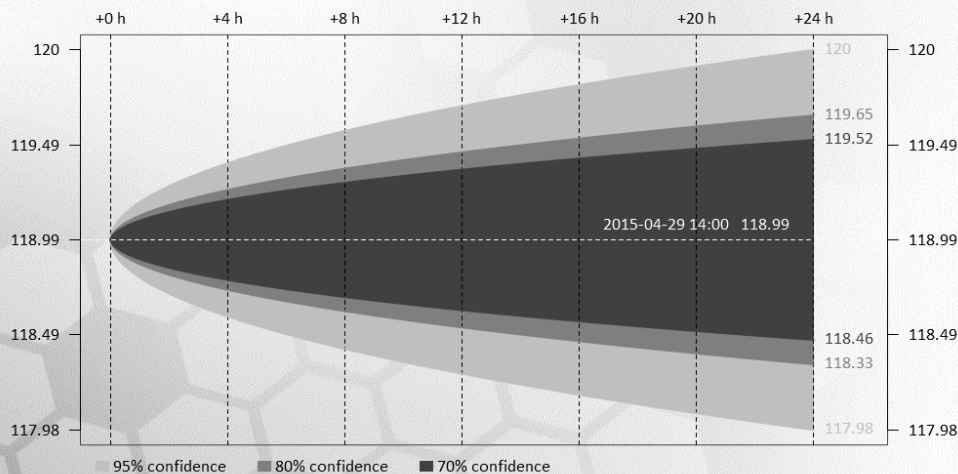
EURUSD Potential Rates



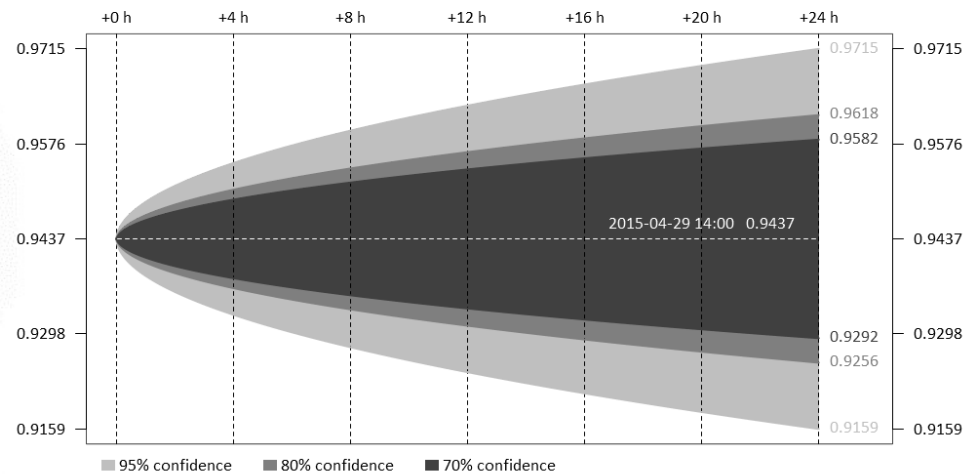
GBPUSD Potential Rates



USDJPY Potential Rates



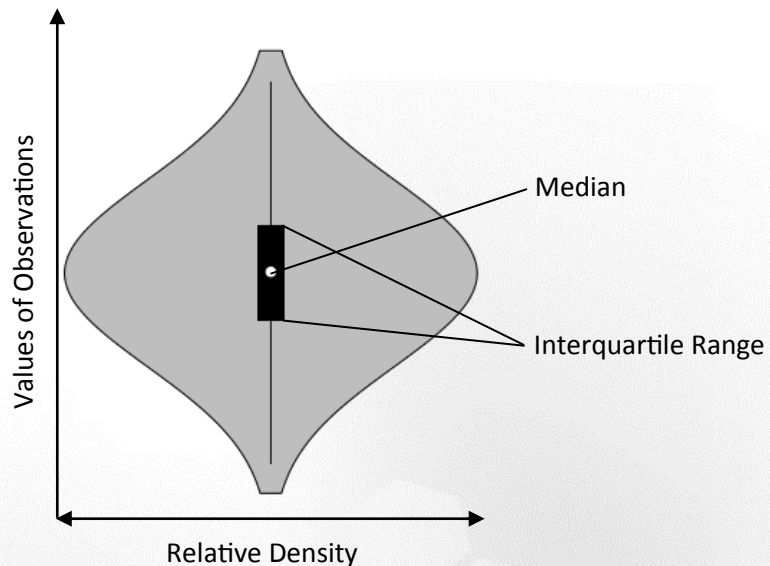
USDCHF Potential Rates



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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