



USD

18/05/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

May 11

06:30 - 15:00

- BoE Interest Rate Decision
- US Labor Market Conditions Index

Turquoise Area

May 12

07:00 - 15:30

- UK Industrial Production, Manufacturing Production, NIESR GDP Estimate
- Australian Budget Release
- EcoFin Meeting

Blue Area

May 13

07:00 - 15:30

- UK Claimant Count, Average Earnings, ILO Unemployment Rate
- Euro Zone GDP Estimate
- BoE Quarterly Inflation Report
- US Retail Sales

Purple Area

May 14

06:30 - 16:00

- US PPI, Jobless Claims
- BoC Review
- ECB President Draghi's Speech

Orange Area

May 15

07:00 - 15:00

- US Capacity Utilization, Industrial Production, UoM Consumer Sentiment Index

USD Currency Index Change

0.1%	-0.33%	-0.86%	0.23%	-0.11%
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Max USD Volatility Index

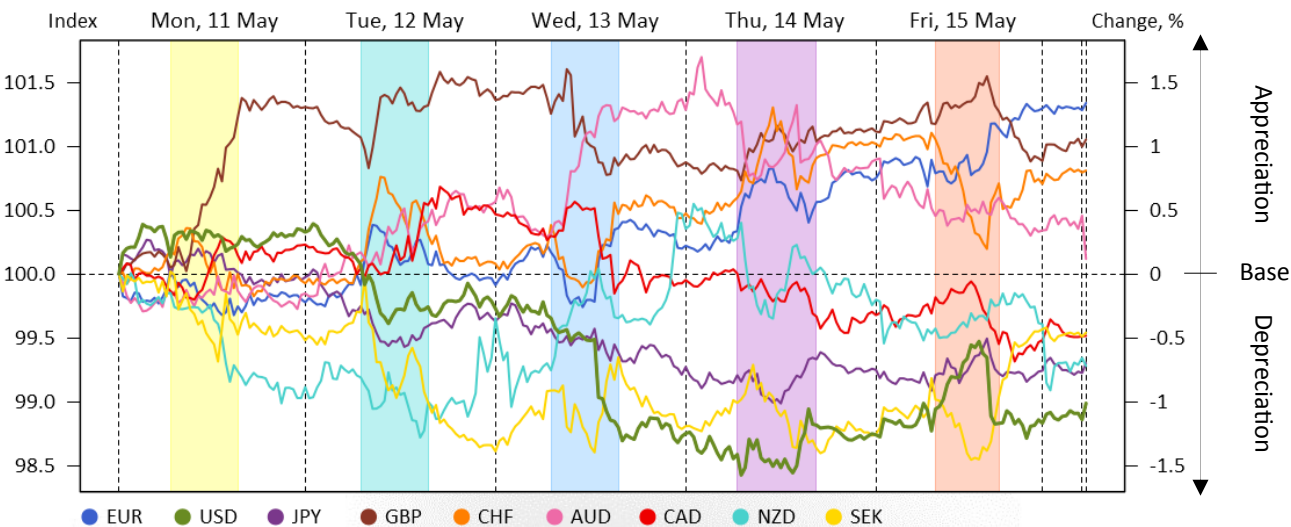
1.2	1.32	2.26	1.32	1.77
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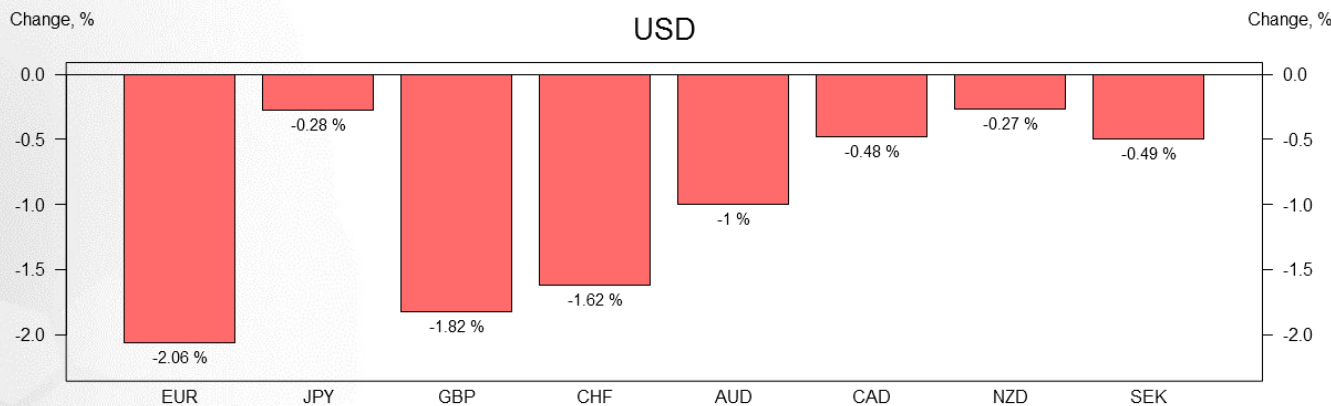
Relative Currency Strength

Currency Indexes

The week was not rich with the US fundamentals, but some of the few noteworthy releases managed to seriously shaken the dollar's position, causing major downslides and ultimately putting the index below its peers. Meanwhile, the Euro's gauge posted the greatest weekly growth, as it started on an uptrend against the background of the weakening dollar and ended up outperforming the previous period's leader – the GBP Index. The latter, fuelled by the previous week's parliamentary election and supported by the BoE unchanged monetary policy, started the week with a 1.4% gain, but struggled to hold the level and found itself zigzagging around the 101.0 mark.



The first two days of the week were relatively calm for the dollar, and only some minor depreciation was observed amid the European currencies' growth. Wednesday, however, brought substantial losses, as retail sales flatlined in April against the expected 0.2% growth. Thus, the gauge fell to 98.7 points and below all of its peers. Then on Friday, the change in Swiss producer and import prices turned out to be much more negative than expected, notably shattering the domestic currency. Meanwhile, the dollar was recovering, and its index seemed to have left the krona's gauge behind for good. However, disappointing US industrial production and a decline in consumer confidence pushed the USD Index below the 99.0 mark, putting it back on the losing position.



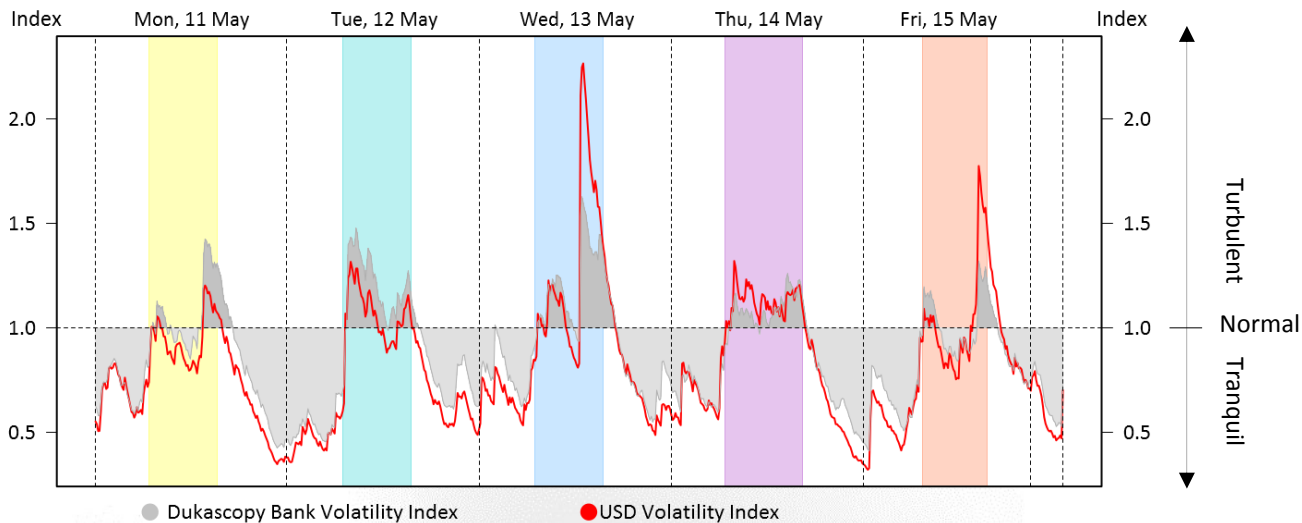
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.34%	-1.01%	-0.7%	1.05%	0.81%	0.12%	-0.48%	-0.72%	-0.46%
20	4.76%	-2.1%	-3.14%	3.06%	1.7%	0.45%	-0.94%	-6.26%	3.82%
130	-5.43%	4.48%	1.87%	5.32%	9.99%	-5.13%	-2.13%	-2.41%	-7.3%
250	-6.97%	13.35%	-4.93%	5.81%	10.33%	-4.29%	1.85%	-3.39%	-11.8%



Volatility

Volatility



The past week was rather dull in terms of volatility, as separate events were marked by moderate peaks, and portions of overturbulence kept below 40%. The dollar was the calmest currency on average, but did suffer the third greatest volatility spike as it tumbled on Wednesday. The first two highest marks were hit by the Swedish krona's and the Kiwi's indexes. The former shot to 2.9 as the krona plunged after weak CPI release on Tuesday, while the latter surged to 2.7 early Wednesday, stirred up by the Kiwi's zigzagging reaction to the RBNZ report. Among the dollar's pairs, EUR/USD and USD/CHF were notable for the second highest elevated volatility portions, marking similar uneven movements of the once-tied currencies.

The Greenback's turbulence mostly held below the market's average, with only three occurrences indicating dollar-induced movements. The two peaks on Wednesday and Friday were caused by the dollar's tumbles in the aftermath of poor fundamentals' releases. Thus, on Wednesday, the USD volatility index surged to its week's maximum as the Greenback was hit by lower-than-expected retail sales, while Friday's upswing was associated plunging consumer confidence reported by the UoM. A less critical period of the dollar's overturbulence took place on Thursday, when the Greenback had a bumpy start of the European session after the Wednesday's plunge.

Elevated Volatility (% of the observed period)

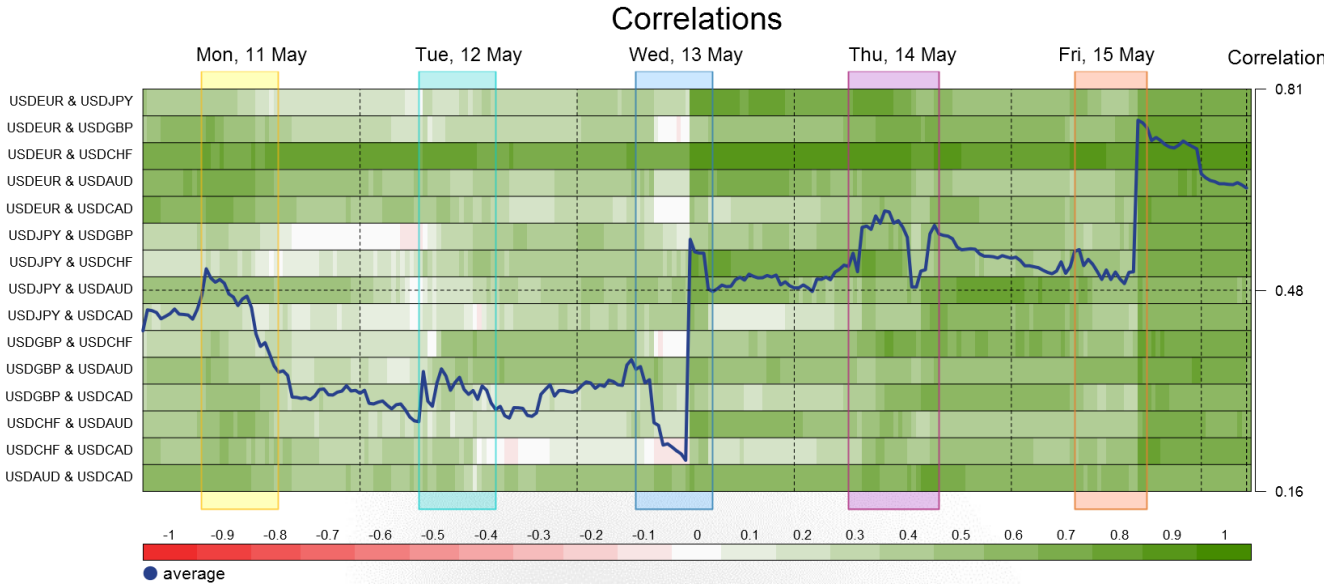
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
	31	26	29	20	21	30	28	26	35

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.63	2.26	2.57	2.34	2.17	2.57	2.11	2.31	2.55	2.68
Min	0.41	0.32	0.19	0.29	0.18	0.21	0.32	0.29	0.42	0.2
Average	0.87	0.82	0.78	0.78	0.73	0.77	0.88	0.83	0.96	0.78



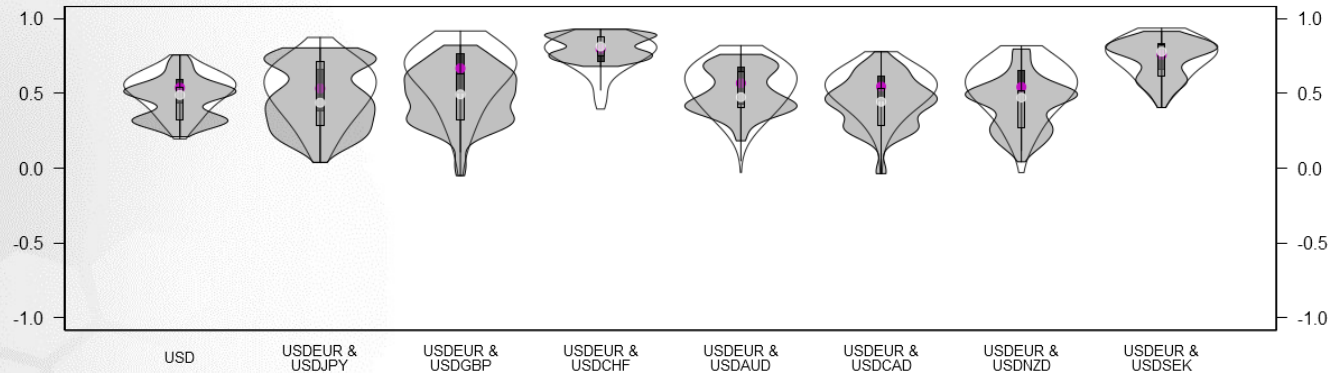
Currency Significance



Despite a few ups-and-downs, the dollar's significance measure showed an upward trend during the past period. However, the averages of its USD/EUR components posted minimal changes. On the long-term basis, the components' averages decreased slightly, losing 0.01-0.14 points. The most notable decline was observed in the correlations between USD/EUR and USD/GBP. The only exception was USD/CHF, which has strengthened its correlation with USD/EUR by 0.04 points compared with the monthly value. With regard to the distributions of correlations, most lower tails shifted down and became noticeably heavier.

The dollar's measure started the period with a small decrease after the BoE monetary policy statement. The composite lost 0.16 points and stayed at the level of 0.3 till Wednesday. On Wednesday morning the measure lost some more points and reduced to the minimum value of the period (0.21). However, after the unexpectedly low US retail sales data, all observed components have increased, and the composite sharply jumped to 0.56, gaining 0.35 points. The next remarkable surge of the measure took place on Friday, when the lowering of the US capacity utilization and industrial production managed the gauge to reach the 0.76 mark

Correlations (5 vs 20 days)

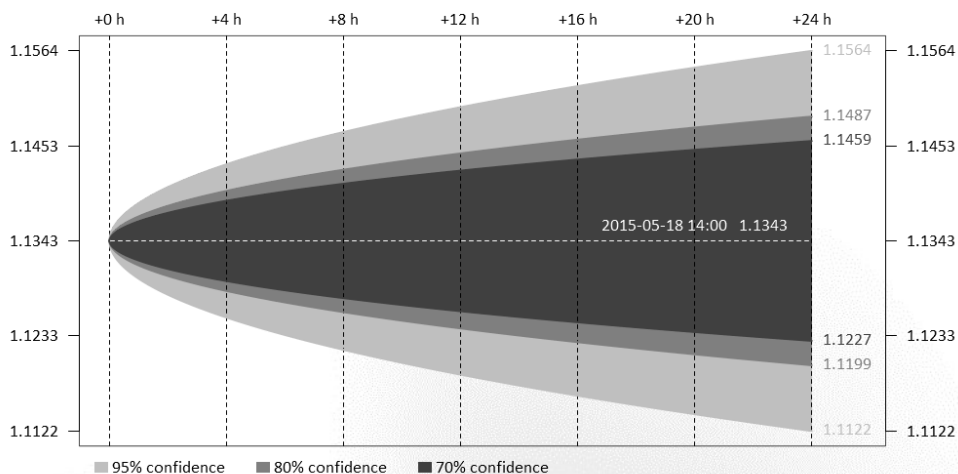


Mean Correlation Coefficient (with USDEUR)

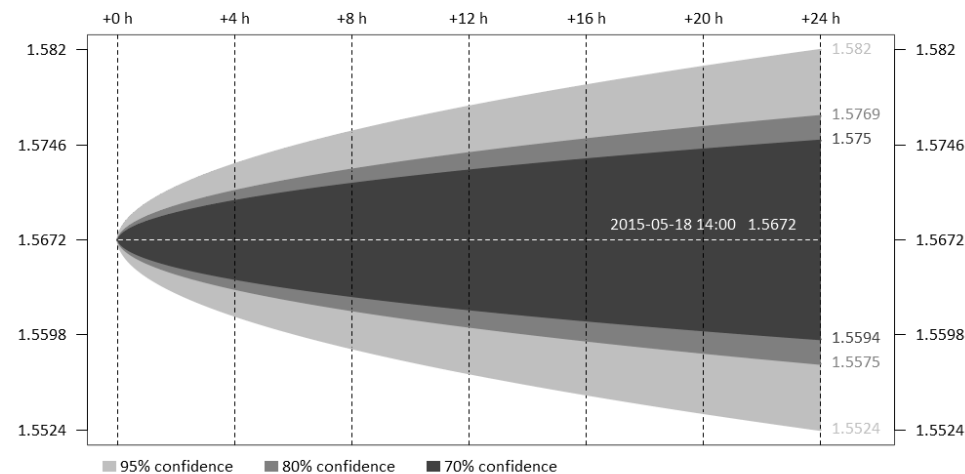
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.46	0.47	0.48	0.81	0.51	0.43	0.42	0.73
20	0.51	0.51	0.62	0.77	0.55	0.52	0.52	0.74
130	0.47	0.42	0.6	0.69	0.51	0.44	0.53	0.68
250	0.45	0.41	0.53	0.78	0.47	0.39	0.5	0.64

Confidence Intervals for Next 24 Hours

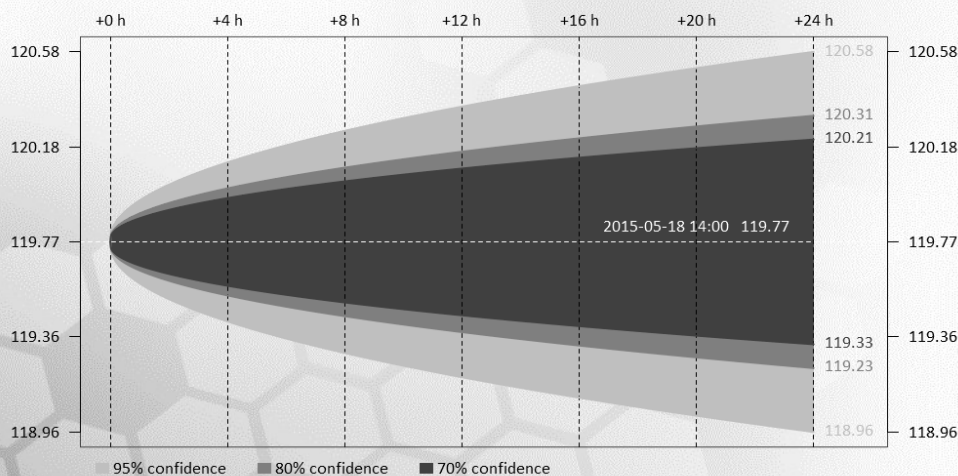
EURUSD Potential Rates



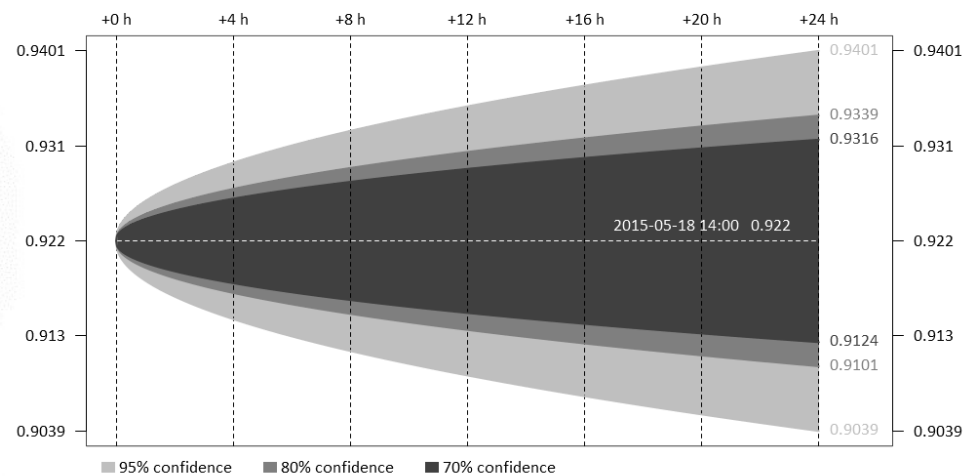
GBPUSD Potential Rates



USDJPY Potential Rates



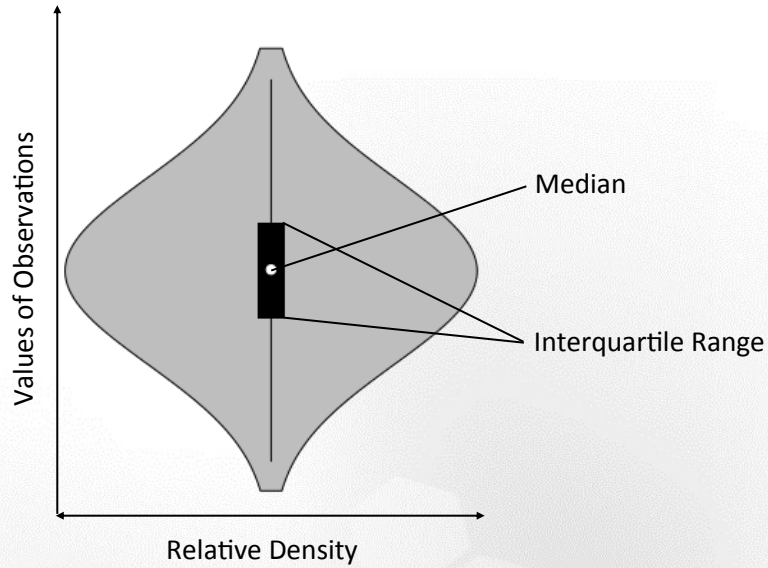
USDCHF Potential Rates



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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