

USD

25/05/2015



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Market Research





Dominant Events of the Period

Yellow Area

May 19

02:30 - 14:30

- RBNZ Inflation Expectations
- UK CPI
- Euro Zone CPI, Trade Balance
- US Housing Starts, Building Permits

Turquoise Area

May 20

05:30 - 19:30

- BoE Minutes, MCP Vote
- FOMC Minutes

Blue Area

May 21

07:00 - 14:30

- German, Euro Zone Flash Markit PMI
- UK Retail Sales
- US Jobless Claims, Flash Markit Manufacturing PMI, CB Leading Indicator

Purple Area

May 22

12:00 - 13:30

- US CPI
- Canadian CPI
- BoE Governor Carney's Speech

USD Currency Index Change

0.92%

0.1%

-0.03%

0.88%

Max USD Volatility Index

1.67

1.85

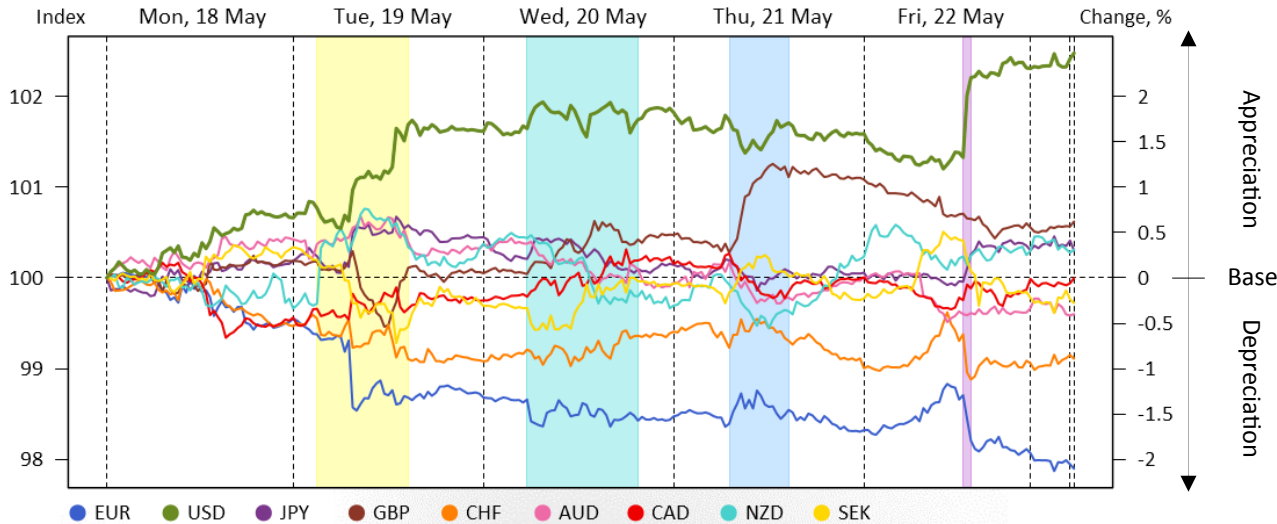
1.15

2.92



Relative Currency Strength

Currency Indexes



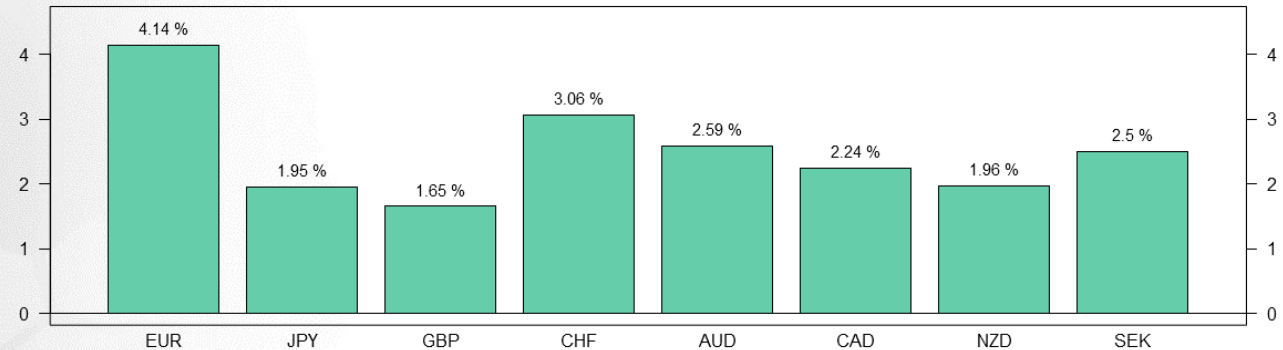
The USD Index was on a winning streak in the past period, effectively paring the previous week's losses and reclaiming the best performer's title. The dollar itself posted over 1.5% growth against all its major peers, with an especially heavy defeat delivered to the Euro, whose gauge lost 2.1% of the base value and finished the period more than 1% below its closest counterpart, the CHF Index. The latter, aside from posting the second greatest loss, seemed to have strengthened its coordination with the Euro's measure, reminding of the pre-unpegging pattern that was less pronounced in the previous periods, but appeared clear in the second half of the past week.

The USD Index took the leading position from the very beginning of the period, rising above its peers as it was coming out of the fall it took on preceding Friday. On Tuesday, the index secured a one point gap between itself and its closest counterparts, supported by significantly-better-than-expected housing data. The gap shortened on Thursday, when the pound's gauge was prompted up by strong retail sales, but widened again the following day, as the dollar surged on firm core CPI numbers. Between the two major upsurges, the USD Index managed to hold virtually unchanged, yielding less than 0.5 points from the value it reached on Tuesday and signaling solid strength of the underlying currency.

Change, %

USD

Change, %



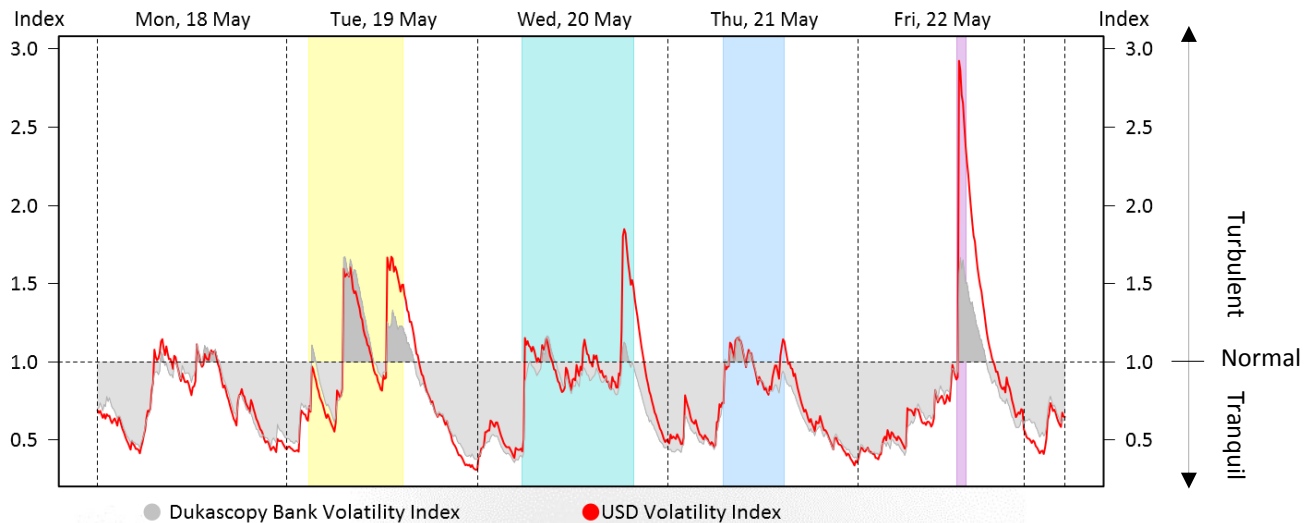
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-2.1%	2.48%	0.3%	0.62%	-0.89%	-0.4%	0%	0.31%	-0.28%
20	1.69%	0.01%	-2.44%	2.32%	1.3%	-0.04%	-1.1%	-4.43%	3.21%
130	-7.3%	6%	3.53%	5.22%	9.53%	-4.83%	-3.43%	-1.98%	-7.23%
250	-9.1%	15.17%	-4.78%	5.68%	9.25%	-3.69%	1.32%	-2.52%	-11.34%



Volatility

Volatility



Aside from a few separate major moves, the past week was very tranquil, and the portion of overturbulence on the market reached only 17%. The dollar was also relatively calm, but nevertheless was notably more volatile than the market, with its elevated volatility percent second only to the Euro's reading (25%), and the average and the maximum index values greater than those of all its peers. Among other currencies, the Euro and the Kiwi were the only ones to push their indexes above the 2 points mark, while the Euro, the pound, and the krona—the only ones to keep their indexes above the average historical level for more than 20% of time.

There were only four noteworthy spikes of volatility during the period, and in three of them the dollar outpaced the market composite. On Tuesday, the dollar's index stood 0.2-0.4 points above the market's gauge, as the Greenback's strengthening gained pace after the housing data release. On Wednesday, the index peaked 0.7 points above the composite, fueled by the dollar's wavering ahead and after the release of the FOMC minutes, which suggested that a June rate hike was unlikely, though not impossible. The greatest gap between the two volatility measures formed on Friday, when the Greenback spiked in response to greater-than-expected core CPI numbers, and its turbulence index reached 1.4 points above the composite.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
17	23	31	28	23	29	18	27	14	29

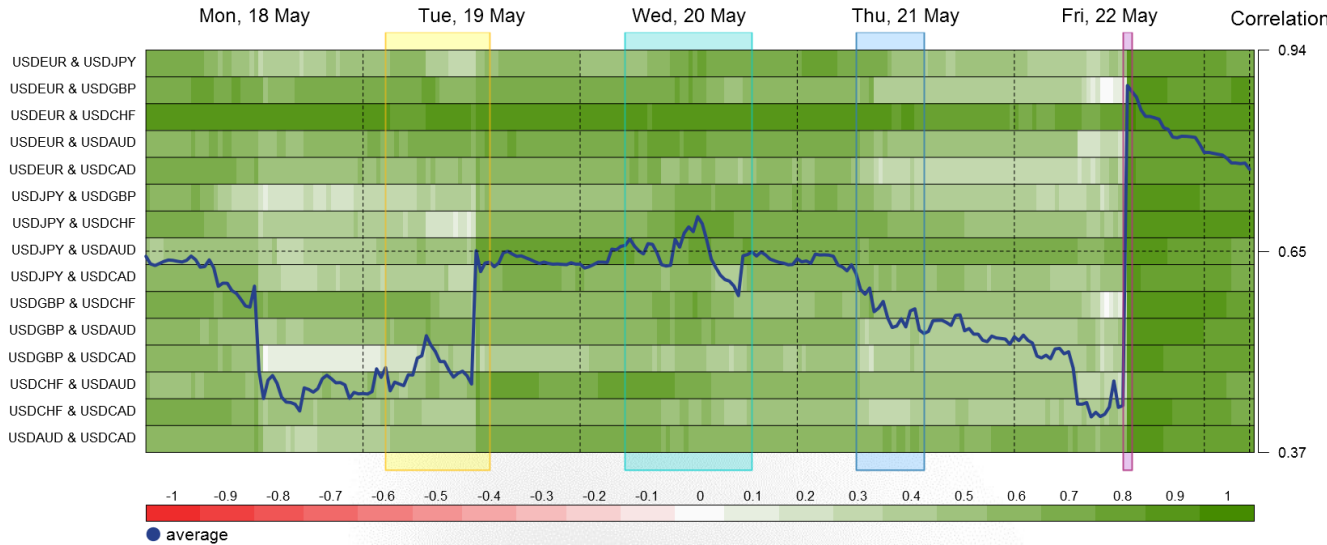
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.67	2.92	3.21	5.17	2.55	3.66	2.33	3.51	2.8	2.75
Min	0.36	0.31	0.23	0.28	0.2	0.2	0.32	0.25	0.3	0.24
Average	0.76	0.81	0.86	0.89	0.75	0.83	0.79	0.81	0.78	0.79



Currency Significance

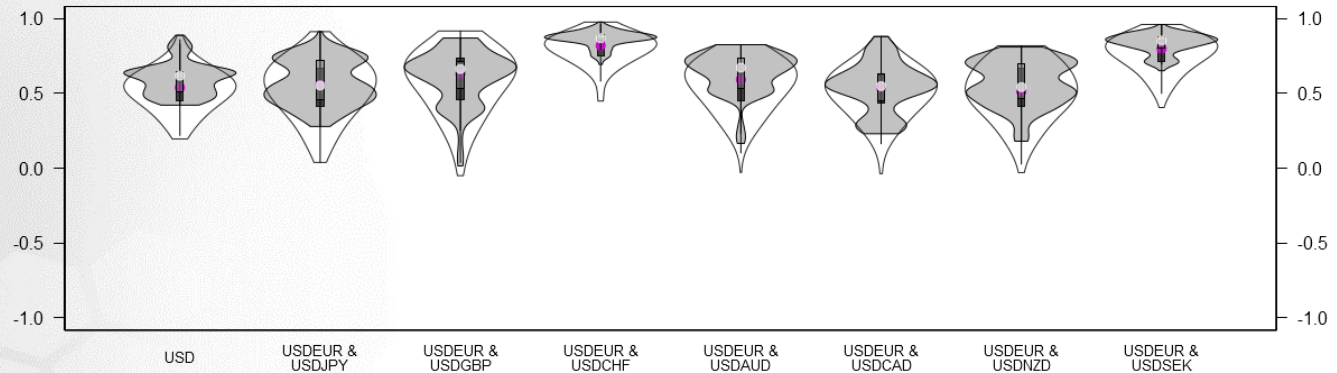
Correlations



The past period was highly successful for the Greenback's significance measure. Compared with the previous readings, averages of the composite and all observed USD/EUR components gained 0.05-0.15 points, with the most notable rise observed in the pair's bonds with the pound's and the Pacific currencies' crosses. The composite itself rose by 0.14 points from 0.46 to 0.6. In regard to the monthly values, averages of the composite and its USD/EUR components also increased, gaining 0.02-0.08 points.

The dollar's composite started the period at a rather high level of 0.65, but lost some of its steam by midday and remained around 0.43 points till the next day. On Tuesday, right after the US housing data release, the gauge gained nearly 0.2 points and returned to the previous level of 0.65. However, the European countries' economic news reports on Thursday managed the composite to decline. The measure was steadily falling till Friday midday, reaching the week's minimum value (0.42). Then, after the US CPI data report, all observed USD pairs' bonds surged to the maximum level of the week. Thus the composite has increased by 0.45, reaching the 0.89 mark.

Correlations (5 vs 20 days)

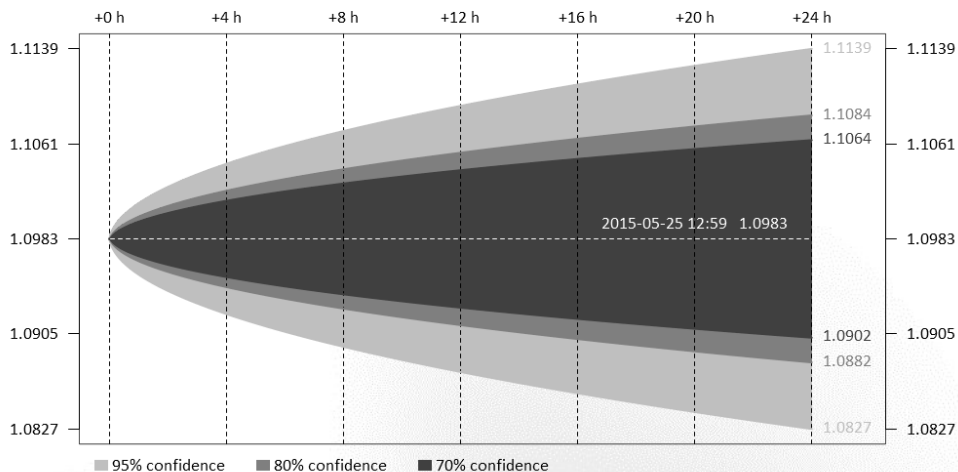


Mean Correlation Coefficient (with USDEUR)

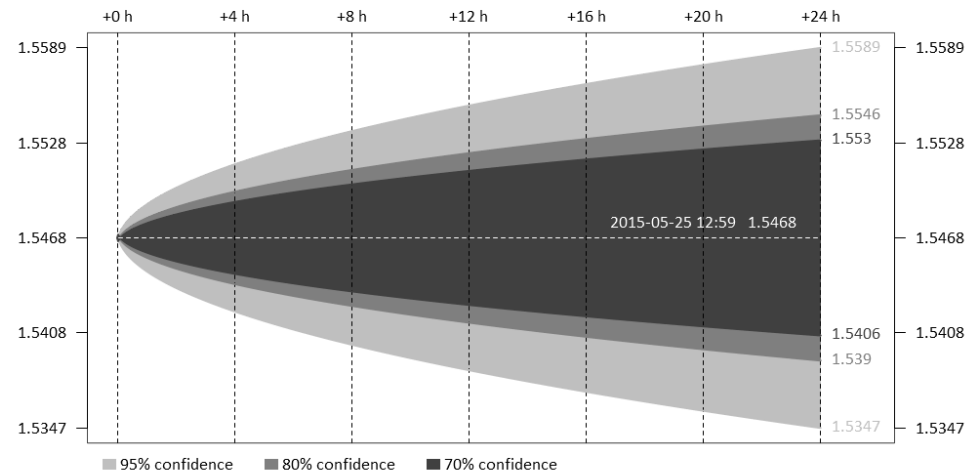
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.6	0.57	0.61	0.86	0.64	0.54	0.57	0.83
20	0.52	0.53	0.58	0.8	0.56	0.52	0.51	0.77
130	0.47	0.43	0.61	0.68	0.52	0.45	0.54	0.69
250	0.46	0.42	0.53	0.79	0.48	0.4	0.51	0.65

Confidence Intervals for Next 24 Hours

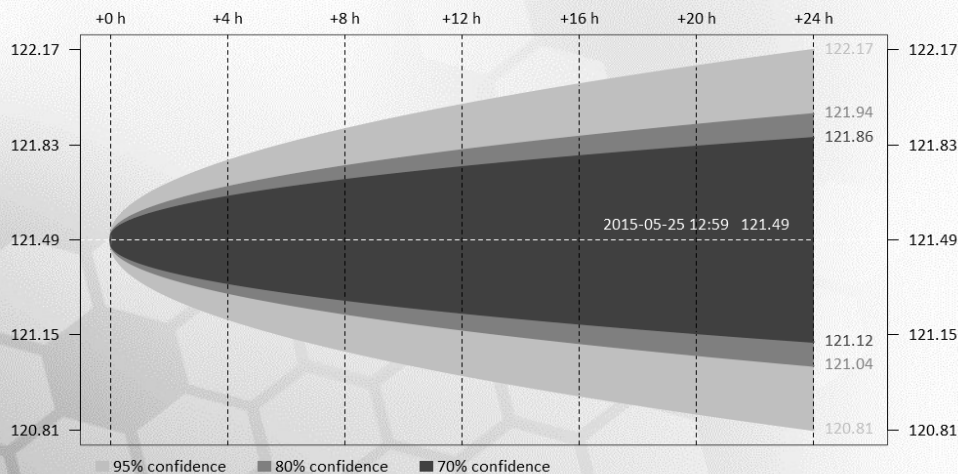
EURUSD Potential Rates



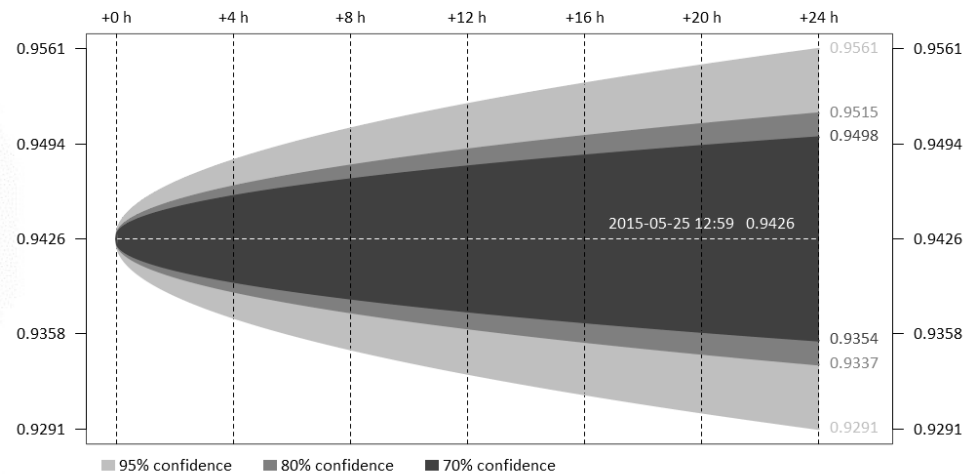
GBPUSD Potential Rates



USDJPY Potential Rates



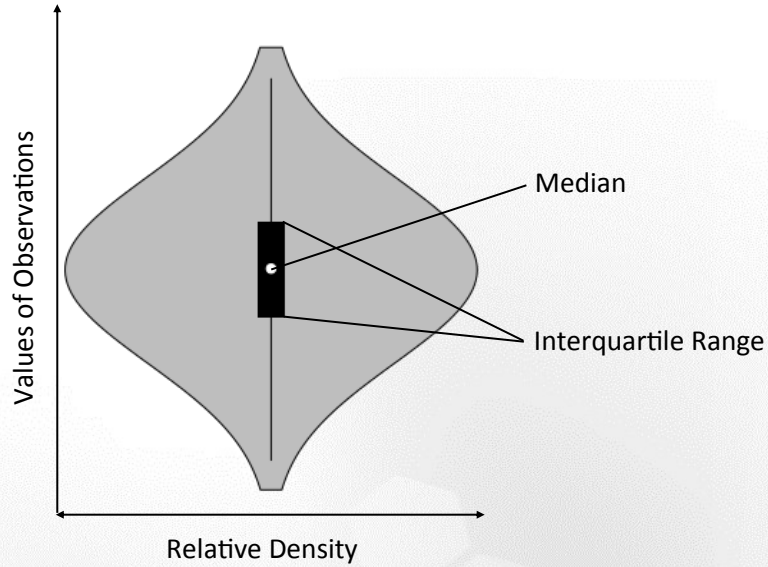
USDCHF Potential Rates



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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