



**USD**

08/06/2015



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# Dominant Events of the Period

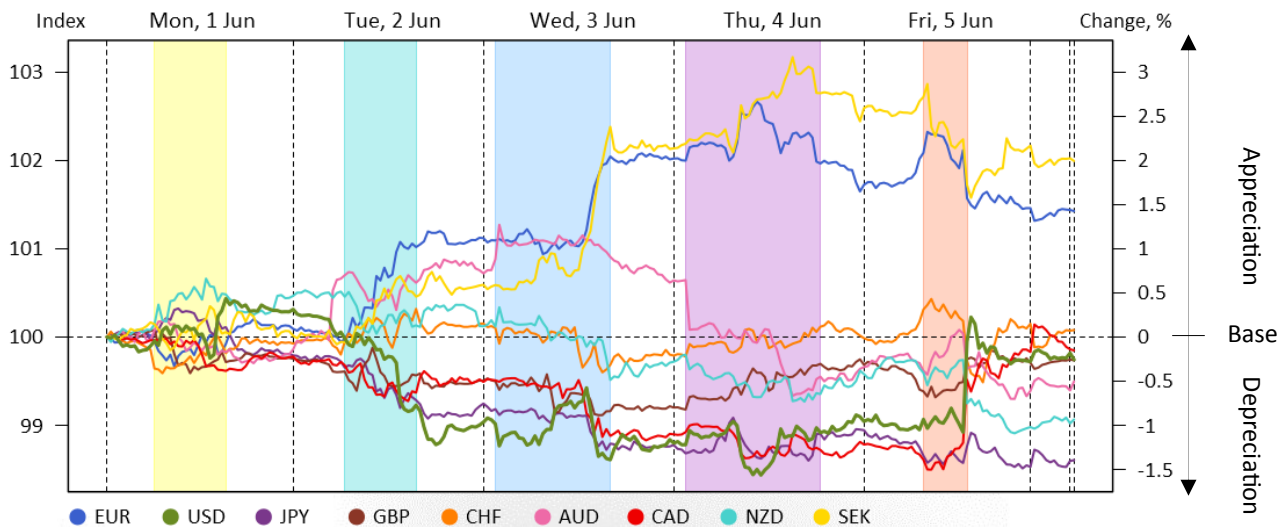
Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
June 1	June 2	June 3	June 4	June 5
06:30 - 15:00	06:30 - 15:00	01:00 - 16:00	01:00 - 18:00	07:30 - 13:00
<ul style="list-style-type: none"> <li><u>German, Euro Zone Manufacturing PMI, German Flash CPI</u></li> <li><u>UK Manufacturing PMI</u></li> <li><u>US Personal Spending, Manufacturing PMI</u></li> </ul>	<ul style="list-style-type: none"> <li><u>German Unemployment Rate, Euro Zone Flash CPI</u></li> <li><u>UK PMI Construction</u></li> <li><u>US Factory Orders</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Australian GDP</u></li> <li><u>Euro Zone PMI, Retail Sales, Unemployment Rate</u></li> <li><u>UK Services PMI</u></li> <li><u>ECB Interest Rate Decision, Monetary Policy Statement</u></li> <li><u>US Non-Manufacturing PMI</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Australian Trade Balance</u></li> <li><u>BoE Interest Rate Decision</u></li> <li><u>US Non-farm Productivity, Jobless Claims</u></li> <li><u>Canadian Ivey PMI</u></li> </ul>	<ul style="list-style-type: none"> <li><u>UK Consumer Inflation Expectation</u></li> <li><u>US Average Weekly Hours, Average Hourly Earnings, Nonfarm Payrolls, Unemployment Rate</u></li> <li><u>Canadian Unemployment Rate, Net Change in Employment</u></li> </ul>

USD Currency Index Change	0.48%	-0.76%	-0.41%	0.14%	0.88%
Max USD Volatility Index	1.8	2.16	2.05	1.68	5.33



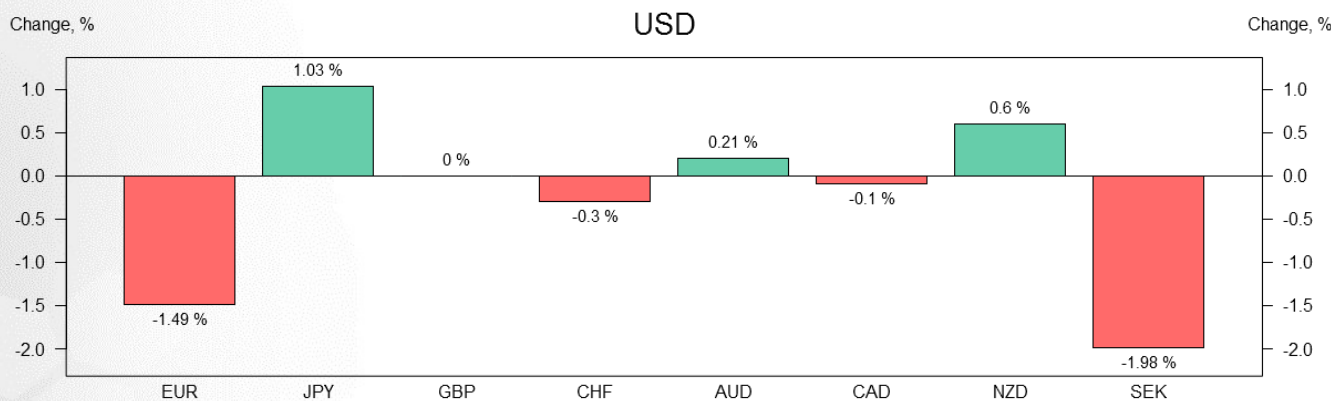
# Relative Currency Strength

## Currency Indexes



The USD Index failed to hold the position it won during the May 26-29 upsurge, and spent the first week of June mostly below the baseline and among the worst performers. The Euro's gauge, on the other hand, continued with the pattern of strengthening. Backed by encouraging inflation data, the ECB's assurances, and hopefulness of the time over the Greek negotiations, the EUR Index went into a three day rally and, together with its Swedish peer, posted the only solid positive change in the past period. Meanwhile, the franc's measure, which was moving in tandem with the Euro's during the previous period, fell behind and spent the week at the baseline.

Monday offered a promising start to the USD Index that jumped above its peers on ISM data, but as the Euro's rally started on Tuesday, the dollar tumbled, with its weakening rapidly spreading from EUR/USD to other major pairs. A recovery started on Wednesday and peaked after the releases of better-than-expected ADP data and trade balance, but was erased with another wave of the Euro's upswing and a drop in ISM non-manufacturing PMI that exceeded the expected slight decline. The plunge bottomed out on Thursday, mirroring the peak of the EUR Index's surge, and the dollar's gauge started to edge up. Friday's labor data prompted the index's only spike, briefly lifting it above the baseline. The push was not enough to keep the measure in the appreciation area, but managed to cut its weekly loss to 0.3%



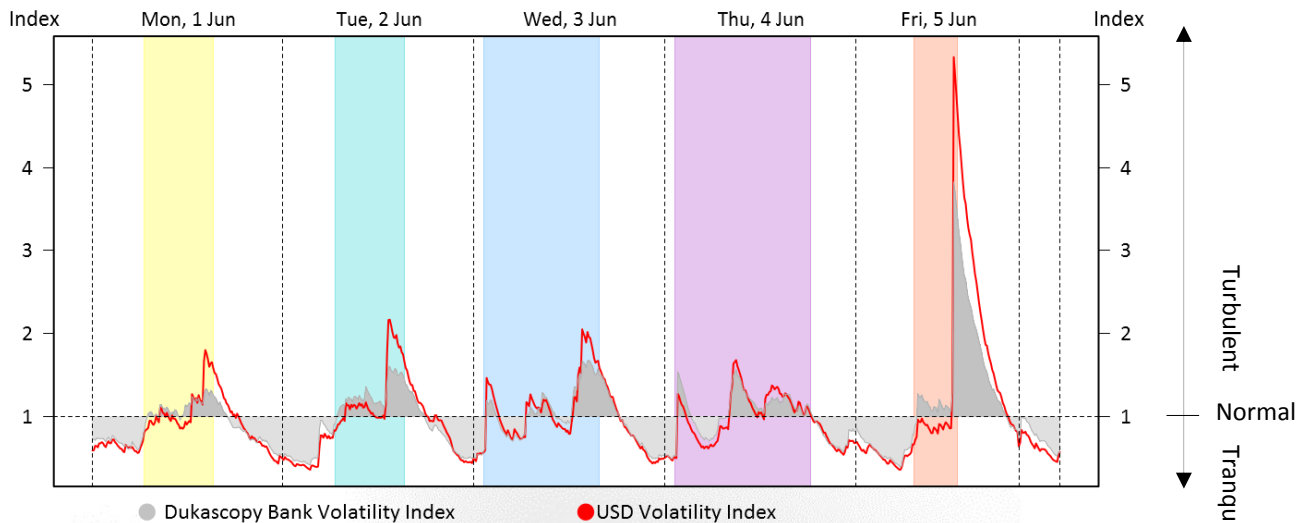
### Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.42%	-0.26%	-1.39%	-0.26%	0.08%	-0.5%	-0.15%	-0.93%	1.99%
20	1.96%	2.06%	-2.81%	1.25%	1.21%	-1.57%	-0.6%	-2.87%	1.01%
130	-5.43%	5.18%	1.86%	3.39%	10.51%	-3.72%	-3.62%	-3.27%	-5.7%
250	-6.77%	16.37%	-6.35%	5.59%	10.65%	-6.38%	1.65%	-4.64%	-10.12%



# Volatility

## Volatility



After a lull of the past few weeks, the period was quite volatile for the market and almost all observed currencies. The Swedish krona became the most turbulent currency of the week, with its index spending 48% of time above its average historical level. The measure for the Euro and the Aussie, whose heightened volatility was mostly caused by the ECB monetary policy decision and the unexpectedly low Australian trade balance, respectively, stood at 47%. The aggregate USD index, in turn, was 10% behind the leaders. However, in terms of the peak height, the USD was the undisputed leader (5.33), notably outpacing its peers.

During the first four days of the period both the dollar's volatility barely reached above the 2-point mark, though it did surge above the market's measure. The first spike took place on Monday, when after the US ISM manufacturing PMI report the USD index rose to 1.8. In the next two days, the unexpected fall of the US factory orders and PMIs have pushed the index above 2.0, but the highest spike of the dollar's volatility occurred on Friday. The remarkable growth of the US nonfarm payrolls managed both the USD index and the market's gauge to jump to their highest values of the period.

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

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
45	37	47	38	37	31	40	32	29	40

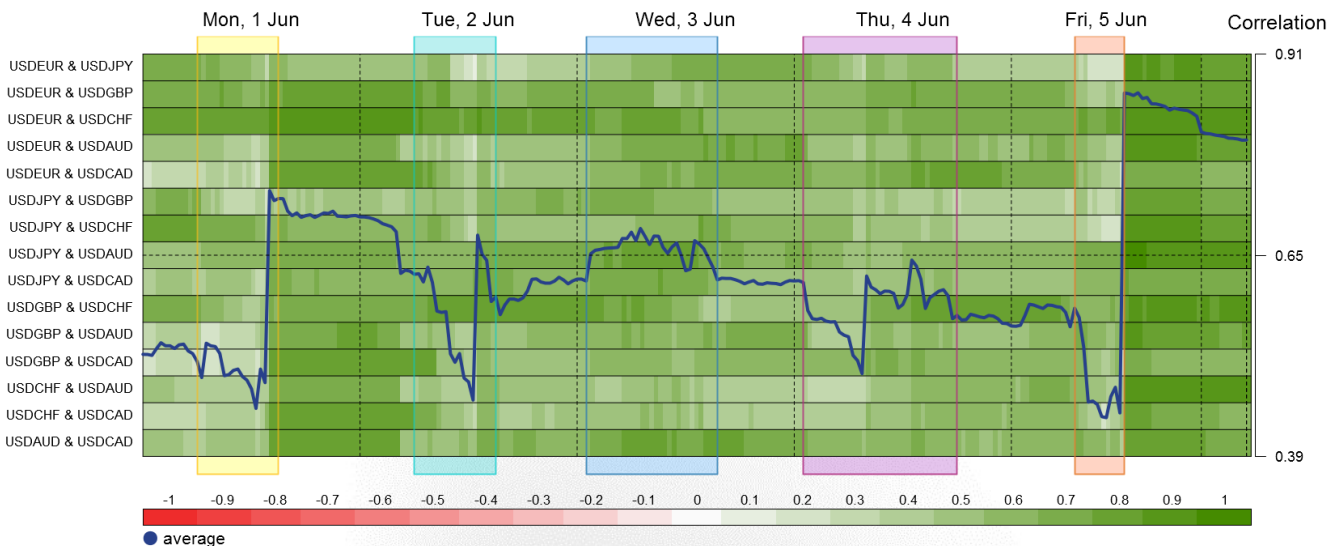
### Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	3.82	5.33	4.45	6.43	2.85	6.59	5.18	3.49	5.3	7.4
Min	0.38	0.35	0.26	0.35	0.28	0.25	0.33	0.21	0.31	0.23
Average	0.98	0.99	1.08	1.04	0.9	0.93	1.08	0.94	0.93	1.03



# Currency Significance

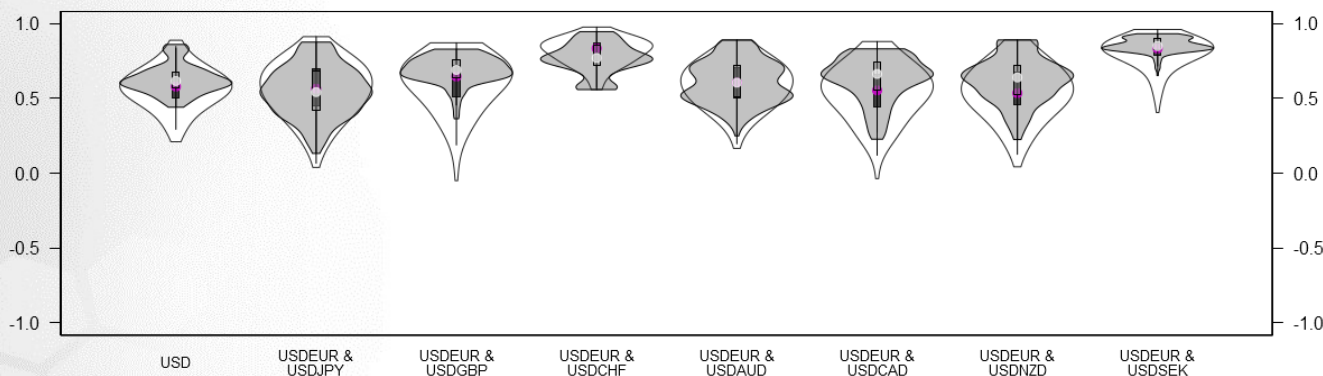
## Correlations



The dollar's significance measure edged up compared to the long-time readings and held around 0.6 points throughout the week, fueled by the Greenback's across-the-board movements. With that the measure was among the period's most stable and strongest composites. As for the USD/EUR components, the pair's bonds with USD/GBP and USD/SEK were notably higher, while correlations with USD/CHF were weaker than usual. Components with USD/JPY and USD/AUD were the most changeable, with their weekly distributions covering the entirety of the monthly ones.

The dollar's correlation composite first spiked on Monday, when the currency ticked up against its peers, but the motion reversed as the Aussie took the spotlight with a surge on the RBA statement. The Greenback's composite retook the 0.60 level more firmly later the same day, when the dollar's weakening broadened across most major pairs. The measure was holding the position, until another move from the Aussie pushed it down to 0.50 on Thursday, and then krona's Friday tumble put it at the week's minimum of 0.45. Then, however, the dollar surged with the non-farm payrolls data and the composite spiked to its maximum of 0.85, finishing the period well above its peers.

## Correlations (5 vs 20 days)

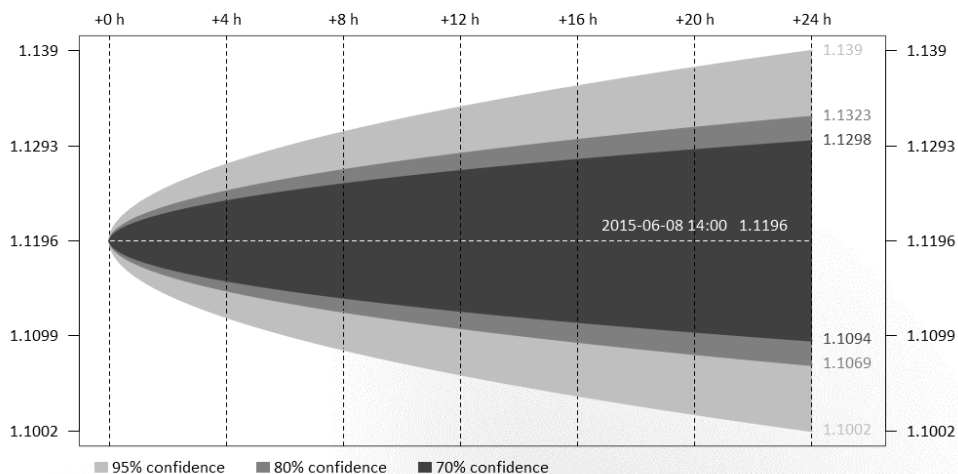


## Mean Correlation Coefficient (with USDEUR)

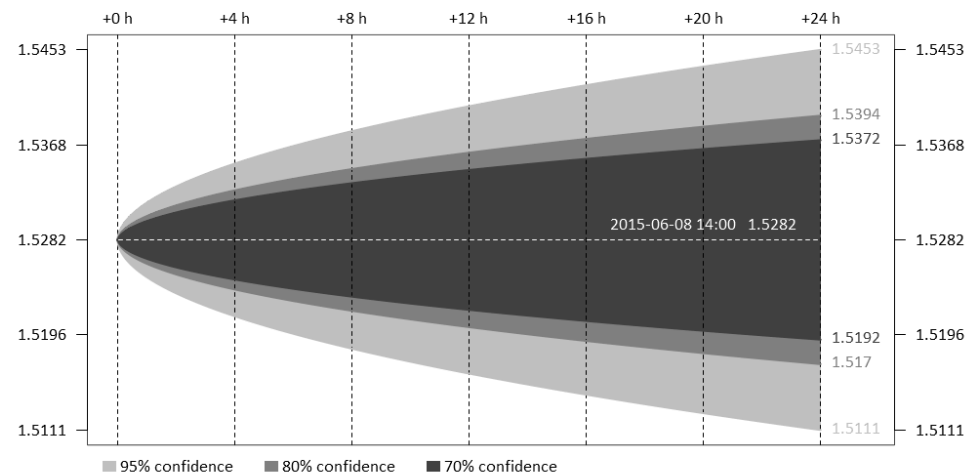
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.63	0.55	0.69	0.76	0.61	0.63	0.63	0.85
20	0.57	0.56	0.61	0.81	0.59	0.54	0.54	0.81
130	0.48	0.44	0.61	0.68	0.54	0.46	0.54	0.7
250	0.47	0.43	0.54	0.78	0.5	0.41	0.52	0.66

# Confidence Intervals for Next 24 Hours

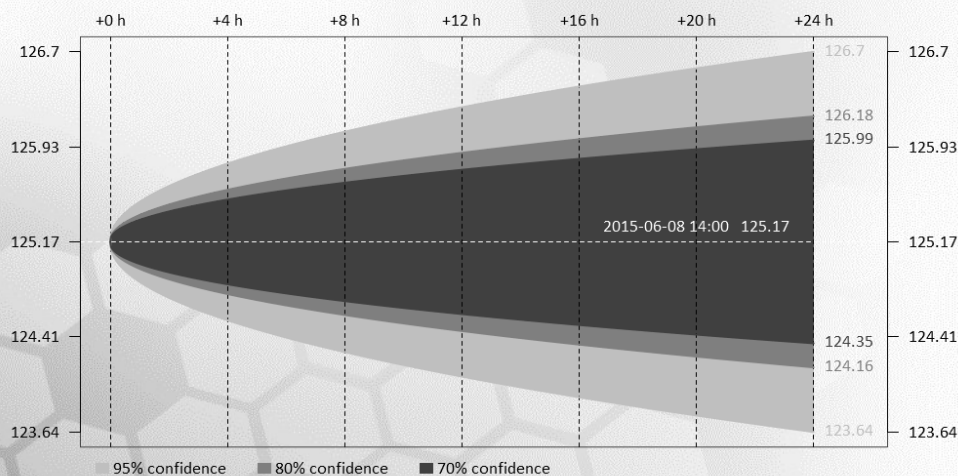
EURUSD Potential Rates



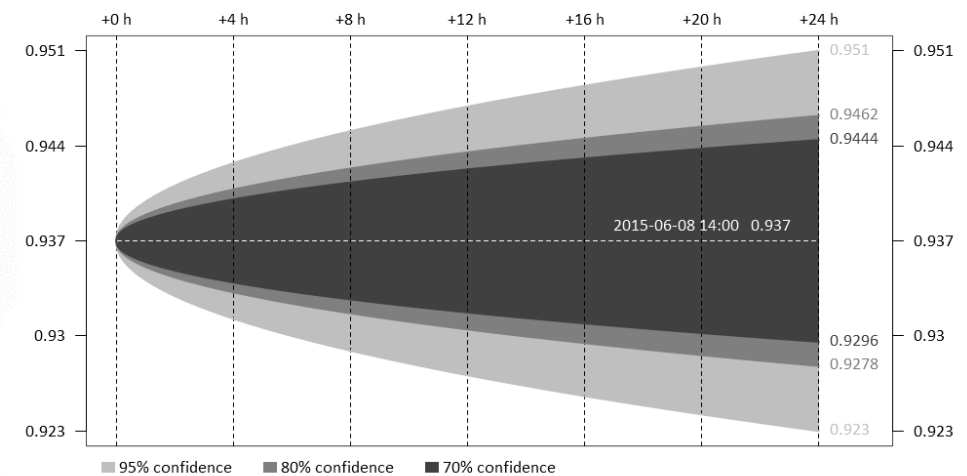
GBPUSD Potential Rates



USDJPY Potential Rates



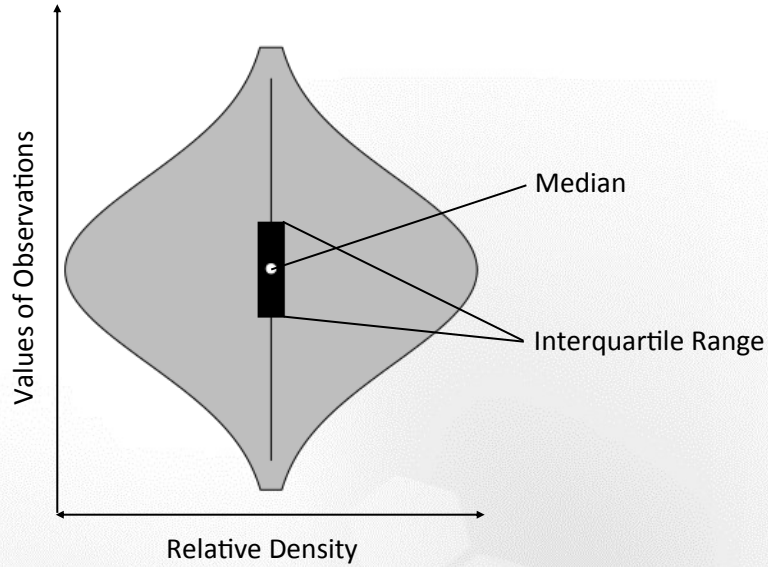
USDCHF Potential Rates



# 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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