

**JPY**

01/07/2015

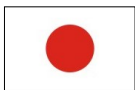


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# Dominant Events of the Period

## Yellow Area

June 24

00:30-12:30

- German IFO Business Climate
- US Final GDP

## Turquoise Area

June 25

01:00 - 15:30

- US Services PMI and Unemployment Claims
- SNB Chairman Jordan Speaks

## Blue Area

June 26

09:00 - 16:30

- Japanese National CPI, Household Spending and Unemployment Rate
- EU Extraordinary Economic Summit

## Purple Area

June 28-29

20:00 - 09:30

- Japanese Retail Trade and Industrial Production
- UK Mortgage Approvals

## Orange Area

June 30

05:30 - 17:00

- German Retail Sales and Unemployment Change
- UK Final GDP
- Euro zone CPI and Unemployment Rate
- Canadian GDP
- US Consumer Confidence

JPY Currency Index Change

-0.2%

0.17%

-0.04%

-0.46%

0.43%

Max JPY Volatility Index

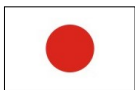
1.2

1.57

1.32

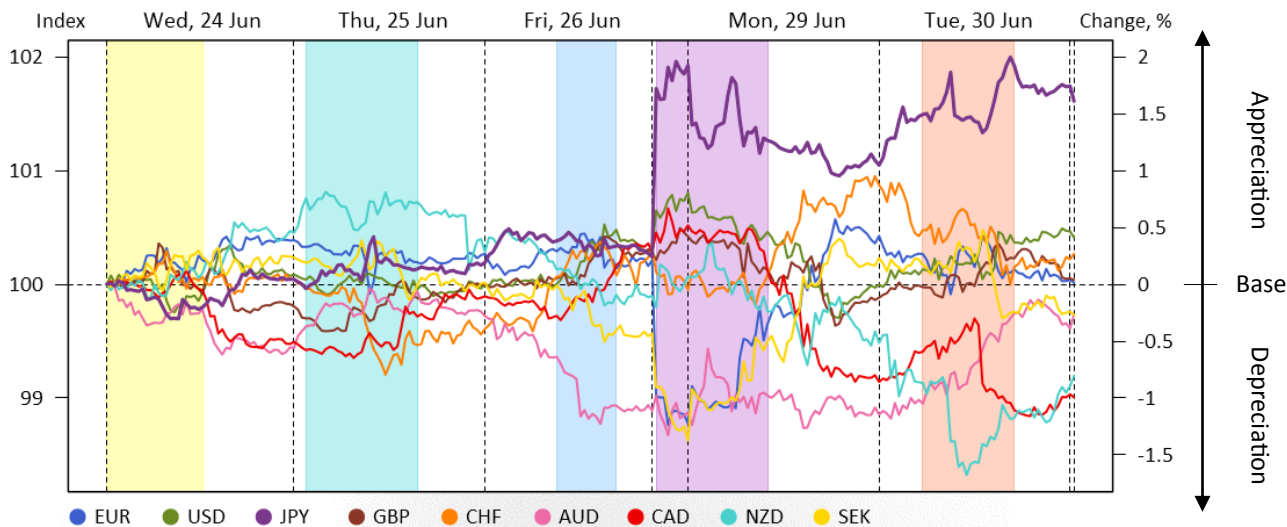
3.67

2



# Relative Currency Strength

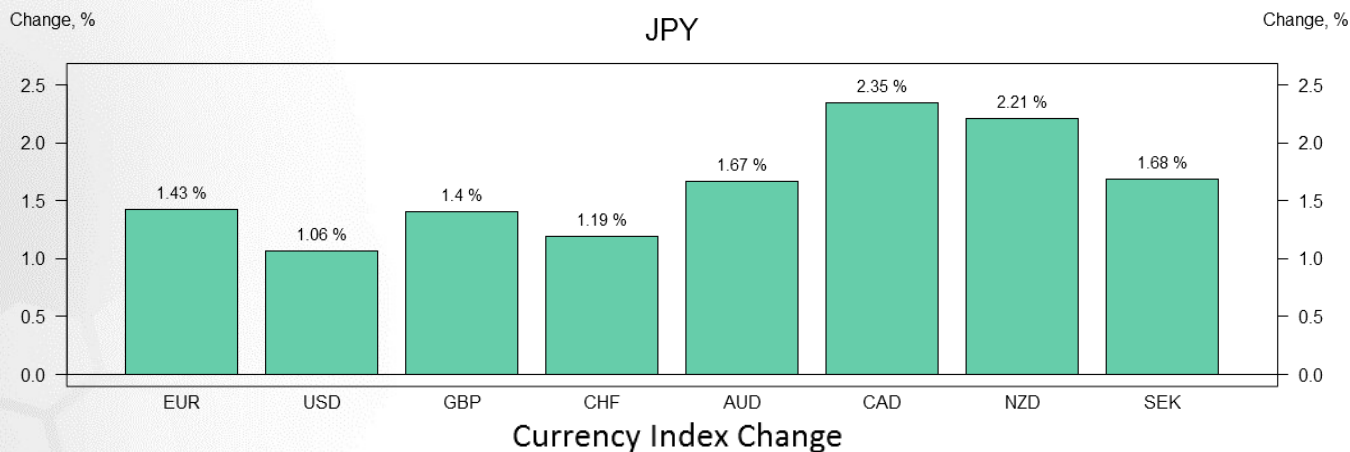
Currency Indexes



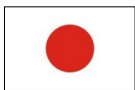
The previous trading week was exceptionally positive for the Japanese Yen. The currency performed on the positive side during the longest part of the period, while hovering confidently above the baseline. The Yen continues to act as the safe-haven currency, when turmoil persists on the market. Last week was perfect in terms of turbulence among market participants due to the Greek debt crisis, which increased bids for the Yen quite considerably in time when the talks broke down on Friday-Saturday. As a result, the Yen rallied 1.61% during the past five days, outperforming all its main counterparts by at least one full percentage point.

The Japanese currency skyrocketed the most versus the Canadian and New Zealand Dollar, where a weekly increase in value reached 2.35% and 2.21%, correspondingly.

It seems that the Yen was preparing for a substantial rise in demand amid Greece. The most noticeable spike in the JPY Index took place in the beginning of Asian currency trading on Sunday, when it neared the 2.00 points' mark. As the crisis in Greece tended to escalate due to capital controls and closure of banks, the safe-haven currency continued to benefit from the situation and managed to preserve gains until the end of the period, which provided it with a healthy 1.61% climb from June 24 till June 30.

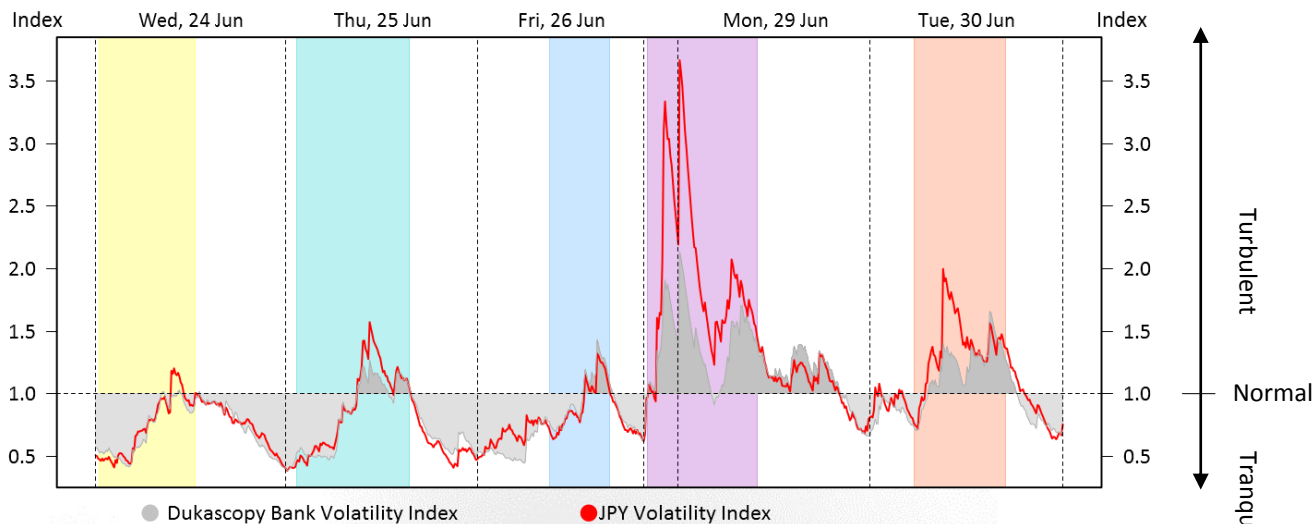


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.01%	0.41%	1.61%	0.04%	0.27%	-0.26%	-1%	-0.81%	-0.27%
20	0.17%	0.22%	1.93%	2.74%	0.13%	-1.03%	-0.28%	-5.97%	1.96%
130	-4.78%	3.72%	2.36%	5.13%	11.56%	-2.04%	-3.35%	-10.85%	-2.32%
250	-6.21%	17.04%	-4.25%	7.32%	11.16%	-5.59%	-0.51%	-11.57%	-7.38%



# Volatility

## Volatility



Volatility of the Yen has clearly followed general development of this currency that took place from Wednesday of last week until Tuesday of this week. The safe-haven currency is usually showing mild levels of volatility due to lack of influential fundamental events from Japan and subdued impact from abroad-happening events. At the same time, Greek crisis seems to have driven markets far outside the single currency area. Therefore, the Yen was one of the most volatile currencies Monday morning, thus also driving the elevated volatility reading as high as 40%, above the 37% average reading posted by the market.

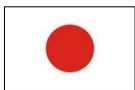
The peak of volatility was registered at 3.67 points on Monday, when the weekly trading session opened and the Yen observed an inflow of investment and a surge in the numbers of bids, while the market managed to reach its period's maximum at just 2.14 points. EUR/JPY was in turn the most turbulent currency pair with the weekly high at 4.76 points. In the meantime, Monday's turbulence was not only caused by Greece. The Yen's movements were fueled by the retail trade and industrial production data from Japan, which has considerably outperformed market estimates. Meanwhile, JPY volatility used to return back toward its normal level by the end of the period and has even fell below one back on Tuesday.

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

Market	JPY	EURJPY	USDJPY	GBPJPY	CHFJPY	AUDJPY	CADJPY	NZDJPY	SEKJPY
37	40	46	30	48	39	45	44	28	45

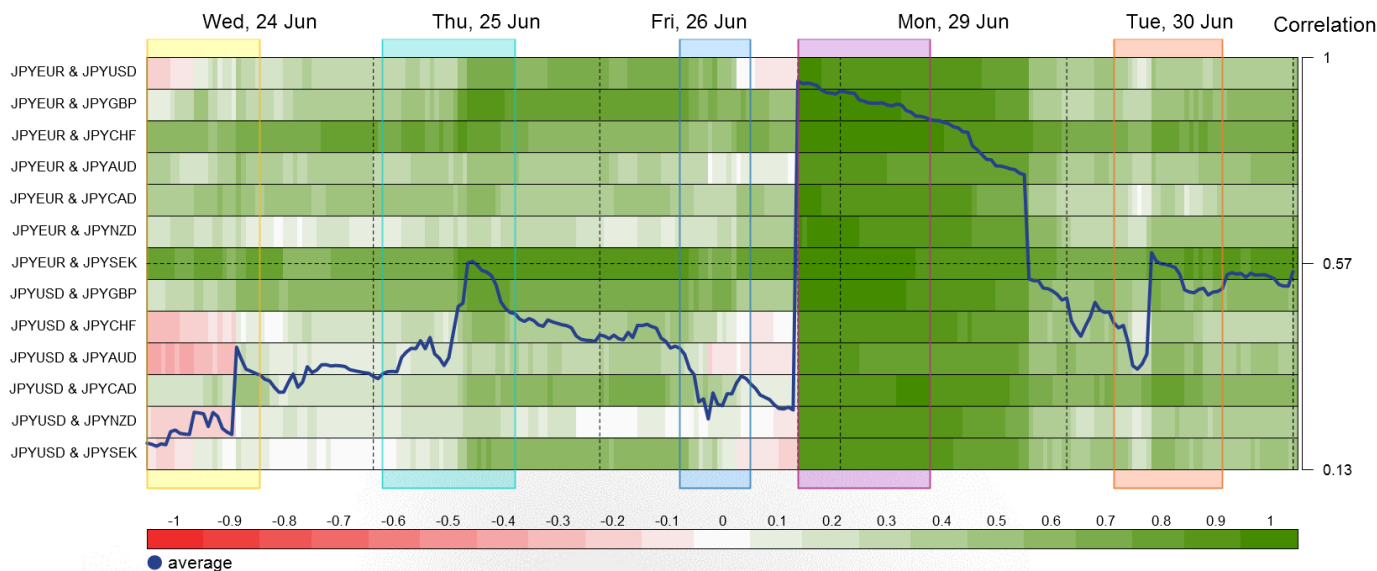
### Volatility Index (for the observed period)

	Market	JPY	EURJPY	USDJPY	GBPJPY	CHFJPY	AUDJPY	CADJPY	NZDJPY	SEKJPY
Max	2.14	3.67	4.76	3.32	4.39	3.87	4.35	2.69	3.15	4.57
Min	0.39	0.39	0.23	0.26	0.29	0.3	0.4	0.05	0.24	0.23
Average	0.92	1.01	1.13	0.88	1.11	1.02	1.09	0.98	0.89	1.06



# Currency Significance

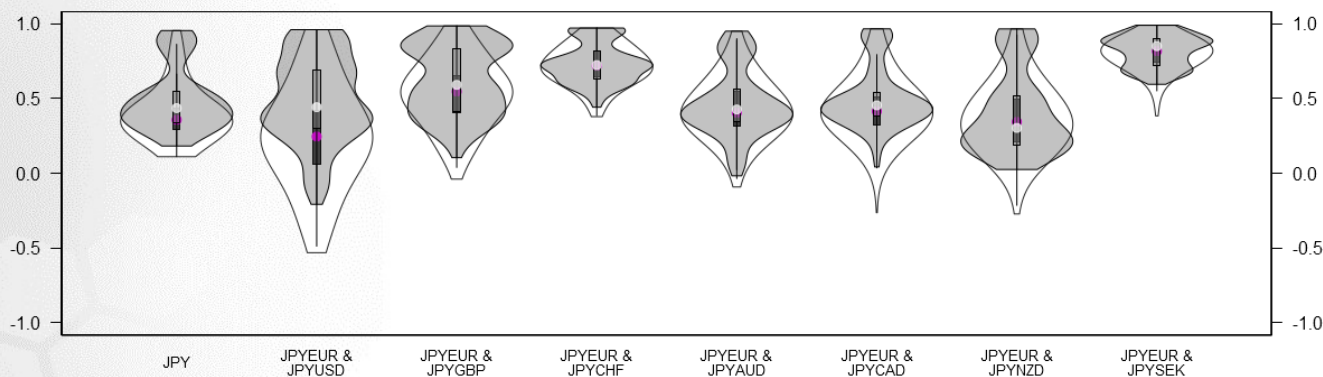
## Correlations



The average correlation coefficient for the Japanese Yen was again somewhat affected by the post-Greek events, when the currency showed phenomenal fluctuations on Monday morning. The composite's five-day mean produced a reading of 0.5 points, below the historical average correlation of 0.57 points but far above all monthly, six-month and yearly numbers of 0.39, 0.4 and 0.44 points, accordingly. Correlations were predominantly concentrated above zero, while only a violin for EUR/JPY & USD/JPY demonstrated longer tails, extending towards -0.5 points.

The period was started with normally low correlations between different currency pairs of the Japanese Yen, as it is usually driven mainly by the international fundamental news from different countries. However, the composite has not lost its hope to advance and showed greater significance later in the week. As it happened, the JPY composite hit the historical average of 0.57 points as early as Thursday, helped by US statistics on jobless claims and activity in the services industry. The certain hero of the period was Monday, when the composite soared to 0.95 points, when all Yen's crosses posted green correlations. The optimism has also been sustained until the end of the period, which the composite ended at 0.55 points.

## Correlations (5 vs 20 days)

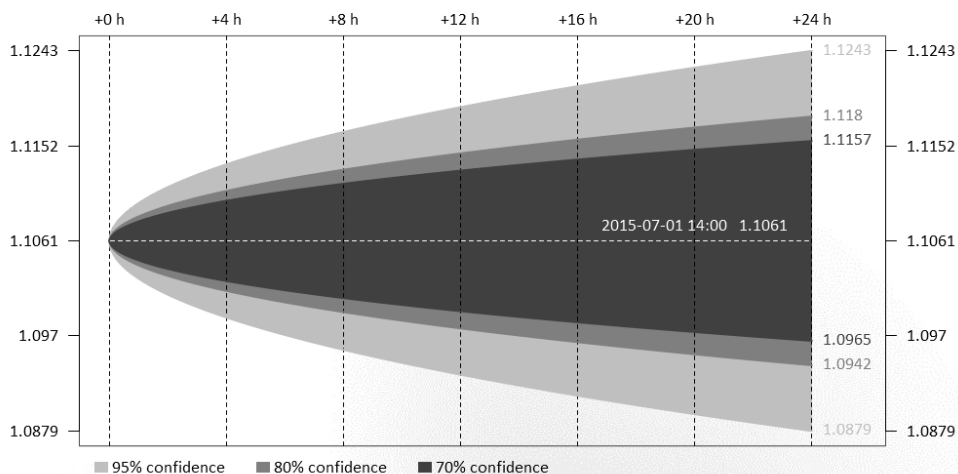


## Mean Correlation Coefficient (with JPYEUR)

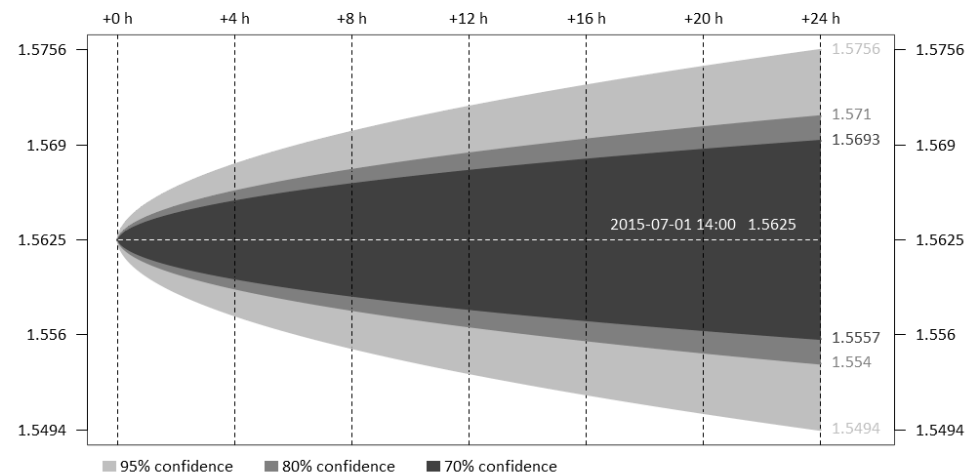
Days	JPY	JPYUSD	JPYGBP	JPYCHF	JPYAUD	JPYCAD	JPYNZD	JPYSEK
5	0.5	0.49	0.62	0.74	0.47	0.51	0.41	0.82
20	0.39	0.24	0.53	0.72	0.43	0.44	0.37	0.8
130	0.4	0.2	0.57	0.65	0.45	0.45	0.44	0.75
250	0.44	0.37	0.59	0.79	0.43	0.47	0.4	0.72

# Confidence Intervals for Next 24 Hours

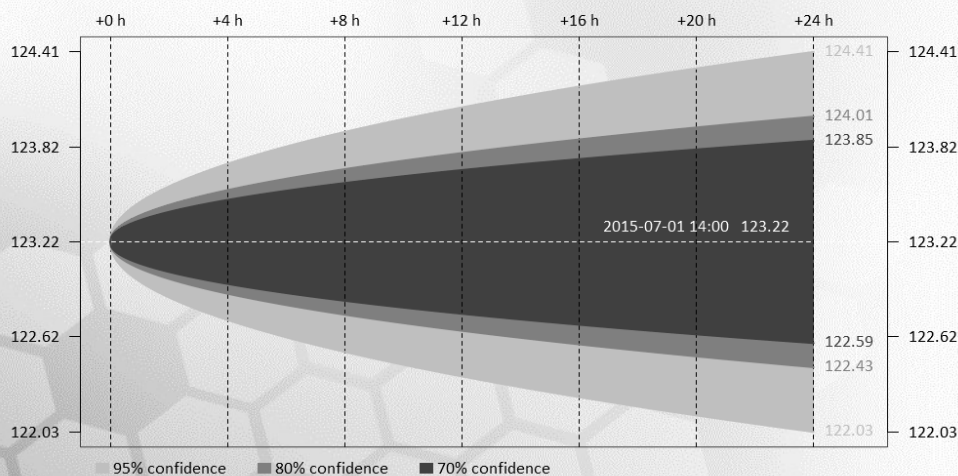
EURUSD Potential Rates



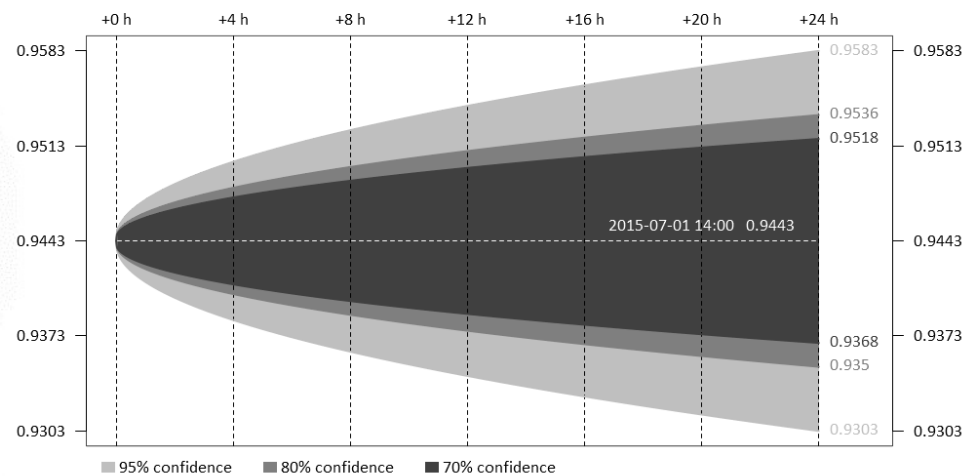
GBPUSD Potential Rates



USDJPY Potential Rates



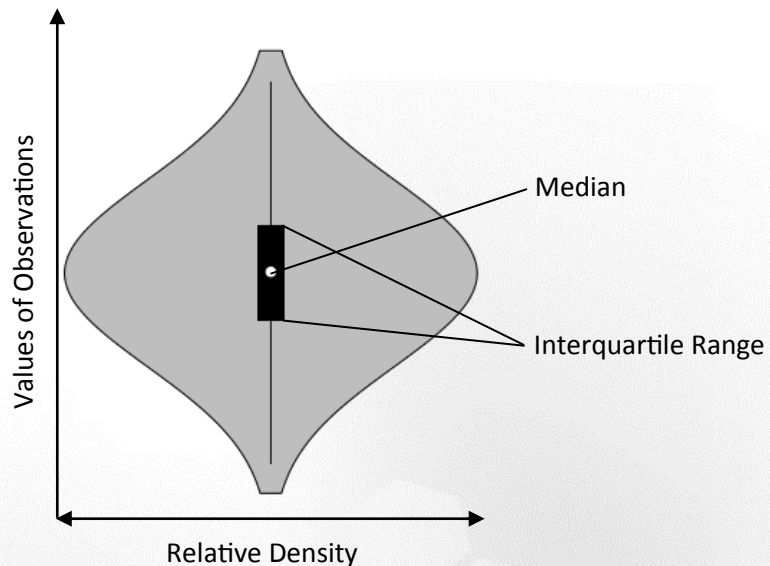
USDCHF Potential Rates



# 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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