



**USD**

06/07/2015



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# Dominant Events of the Period

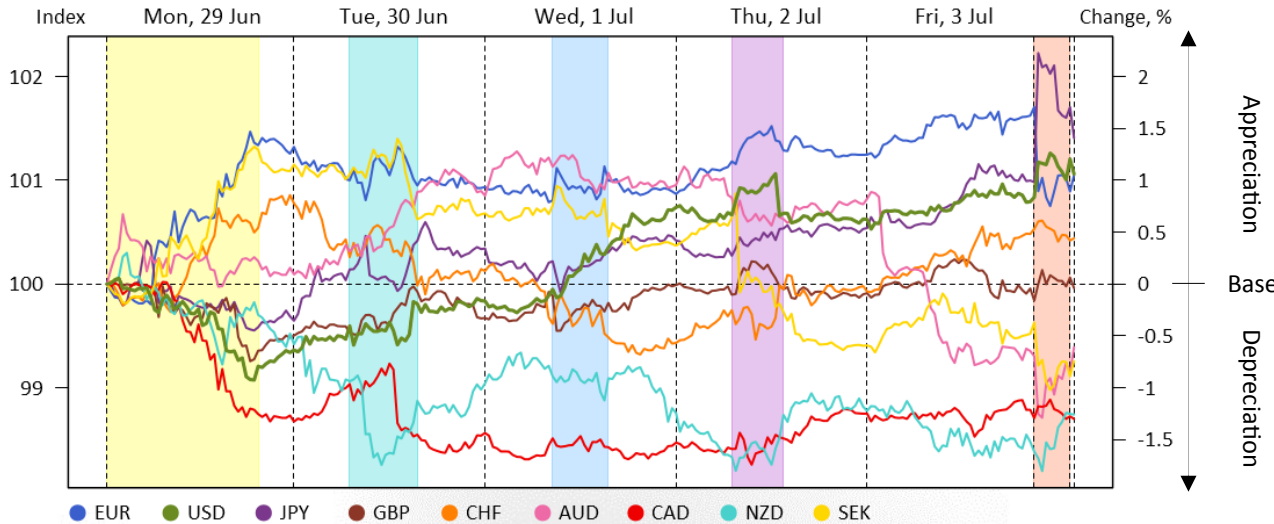
Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
June 29	June 30	July 1	July 2	July 6
00:00 - 19:30	07:00 - 15:00	08:30 - 15:30	06:30 - 13:30	20:30 - 00:00
<ul style="list-style-type: none"> <li><u>The Greek Crisis Developments</u></li> <li><u>UK Consumer Credit, Mortgage Approvals</u></li> <li><u>EC President Juncker's Speech</u></li> <li><u>German Flash CPI</u></li> <li><u>US Pending Home Sales</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Swiss KOF Indicator</u></li> <li><u>UK GDP</u></li> <li><u>Euro Zone Flash CPI, Unemployment Rate</u></li> <li><u>Canadian GDP</u></li> <li><u>US Chicago PMI, Consumer Confidence</u></li> </ul>	<ul style="list-style-type: none"> <li><u>German, Euro Zone Manufacturing PMI</u></li> <li><u>UK Manufacturing PMI, BoE Governor Carney's Speech</u></li> <li><u>US ADP Employment Change, Manufacturing PMI</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Riksbank Interest Rate Decision</u></li> <li><u>UK Construction PMI</u></li> <li><u>ECB Monetary Policy Meeting Accounts</u></li> <li><u>US Nonfarm Payrolls, Unemployment Rate, Jobless Claims, Average Hourly Earnings</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Greek Bailout Referendum</u></li> </ul>

USD Currency Index Change	-0.79%	0.21%	0.4%	0.02%	0.37%
Max USD Volatility Index	1.91	2.07	1.37	2.46	1.48



# Relative Currency Strength

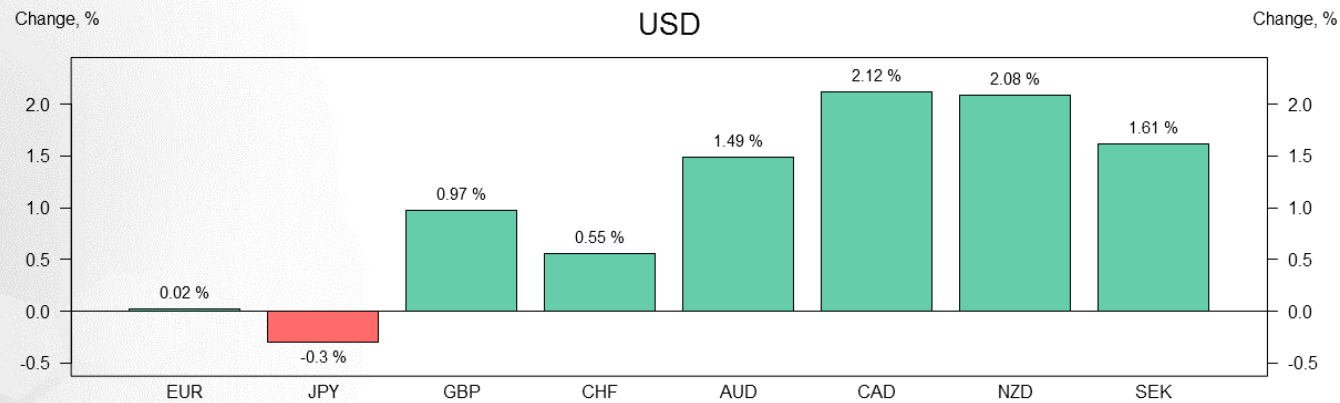
## Currency Indexes



The past five trading days were caught between two very dynamic weekends, but their own developments were no less intense. While the Euro spent the period shaking off its late Sunday losses, the effect of the Greek crisis seeped into its peers. The franc and the krona surged on Monday, but were both knocked down by the policy makers, with the CHF Index sliding back to baseline after the SNB confirmed its intervention in the Forex market, and the krona's gauge tumbling on the Riksbank's rate cut and the expansion of the bond-buying plan. The yen and the dollar were the other currencies to drive investors' attention amid the Greek debt uncertainty, and both

of them remained on an uptrend throughout the week. Among other news, the Loonie was hit by lowering oil prices and weak GDP, and composed the worst performers' duo together with the Kiwi that slipped on a batch of feeble data on Tuesday.

The USD Index enjoyed an uplifting week against the background of the Greek crisis escalation, only dipping once as the US data briefly overshadowed all other developments. The fall took place on Thursday, when nonfarm payrolls and jobless claims missed expectations, sending the dollar down against its peers. However, the upwards movement resumed on Friday, and after taking a boost from the "No" result of the Greek referendum, the Greenback managed to post solid gains against most its major counterparts.



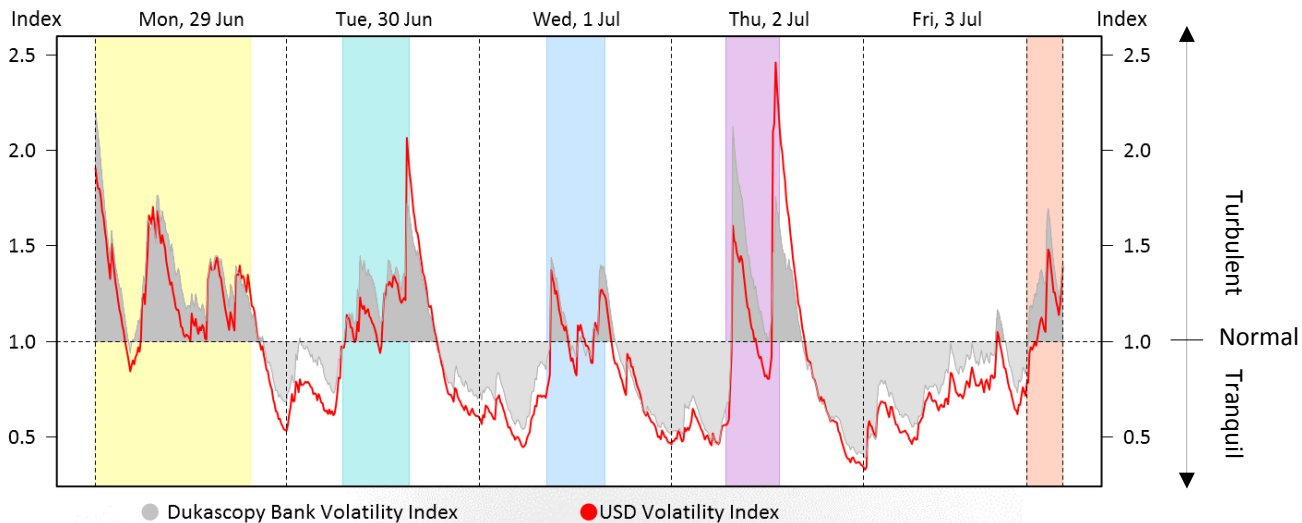
### Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.05%	1.06%	1.41%	-0.04%	0.44%	-0.61%	-1.3%	-1.26%	-0.74%
20	-0.48%	0.85%	3.6%	2.93%	0.31%	-1.01%	-0.46%	-5.57%	-0.76%
130	-3.98%	3.96%	1.06%	7.62%	12.41%	-3.73%	-2.51%	-12.12%	-3.4%
250	-5.87%	17.71%	-2.91%	6.64%	11.74%	-7.07%	-1.18%	-12.42%	-6.67%



# Volatility

## Volatility



The week was relatively turbulent for majority of the observed currencies. The US dollar, in turn, was among the calmest ones in terms of elevated volatility portion. However, several notable spikes of activity followed the domestic economic news releases. Meanwhile, the Swedish krona became the most volatile currency, as it was highly correlated with the troubled Euro against the background of Greek issue discussion, and, in addition, reacted strikingly to the Riksbank's monetary decisions.

The period started with unusually turbulent Monday, which was the aftermath of the previous week's Eurogroup meeting on Greek crisis and the Euro's recovery after it. Thus, the DC Volatility index

entered the trading week on its highest mark of 2.2 points. The first conspicuous USD volatility spike took place on Tuesday noon, when unexpectedly high level of the US consumer confidence was announced. The day was also marked by the CAD Volatility Index meeting its maximum, reacting to the negative GDP. Thursday was another lively day, as the market volatility measure almost reached Monday's level, but the Greenback's index surged to the 2.46 mark. Such high turbulence was associated with the krona's drop following the cut of Swedish central bank's interest rate and the disappointing US nonfarm payrolls. Last but not least, the Greek referendum significantly affected the market on the weekend and managed the composite volatility index to exceed the 1.65 level.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	43	38	40	27	35	41	33	34	18	42

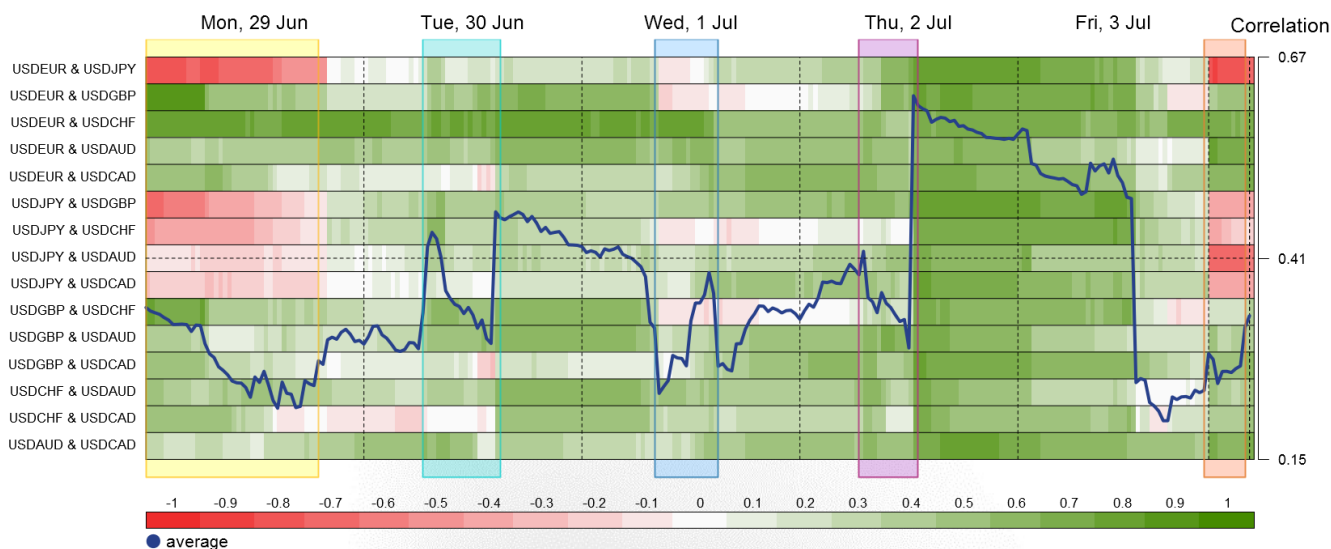
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.2	2.46	2.68	3.47	2.75	3.25	2.34	2.68	1.71	6.17
Min	0.39	0.33	0.24	0.19	0.22	0.21	0.37	0.31	0.32	0.27
Average	0.99	0.92	0.97	0.88	0.88	0.98	0.92	0.89	0.76	1.05



# Currency Significance

Correlations

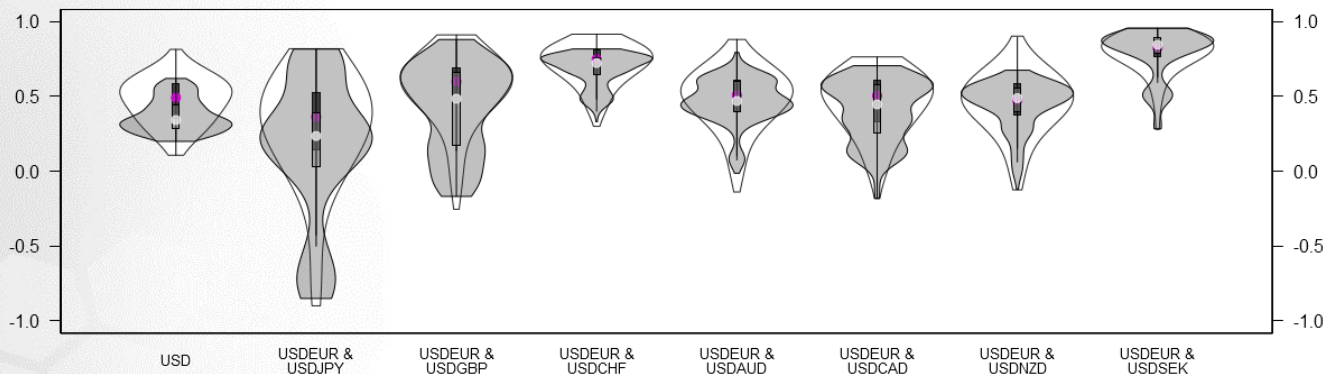


The dollar's significance measure took a hard hit from the Greek debt crisis, falling well below its usual levels and lagging behind most of its peers. The greatest influence came from the yen, which turned many components red in the beginning and the end of the week. USD/EUR-USD/JPY correlation turned many of its values significantly negative, highlighting the opposition between the single currency and Asian safe haven. Among other currencies, the pound and the franc notably dominated the Greenback in the middle of the period, preventing the USD composite from holding above the 0.4 mark even as the

currency's strengthening was gaining pace.

The dollar's currency index held on an uptrend during the week, but the feeble values of the significance measure suggest that the increase was not uniform across the board. The only strong spike of the composite took place on Thursday, when the nonfarm payrolls and jobless claims numbers came in above expectations, sending the Greenback down against its peers. Interestingly, the USD composite managed to climb up on late Sunday, edging above the significance threshold despite the red values of the USD/JPY components, and signaling that the dollar's growth in other pairs was coordinated enough to offset the yen's influence.

Correlations (5 vs 20 days)

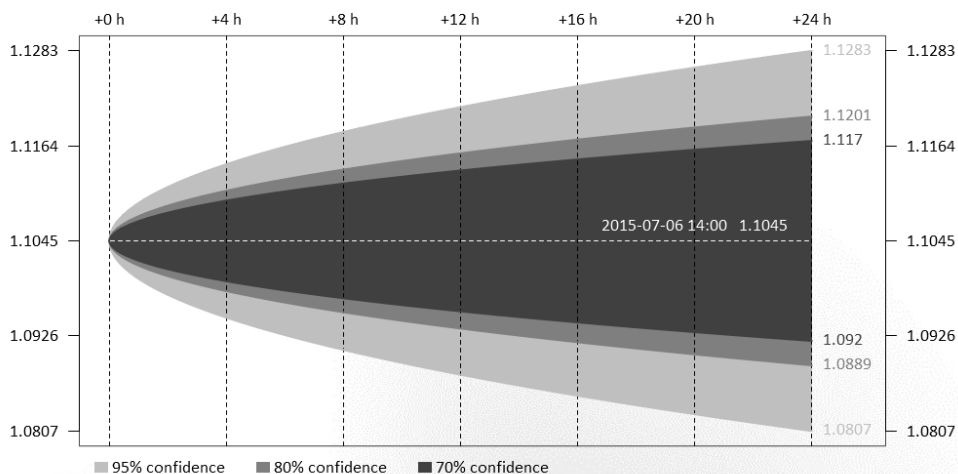


Mean Correlation Coefficient (with USDEUR)

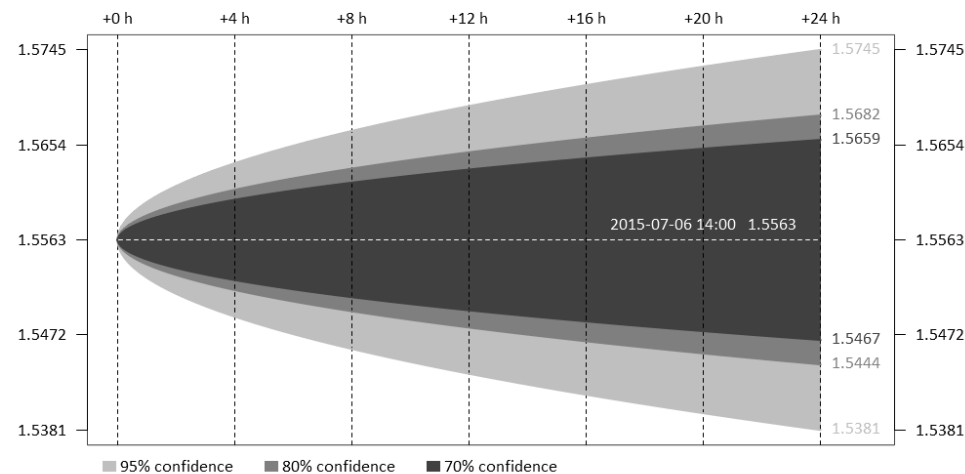
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.37	0.15	0.42	0.68	0.47	0.4	0.44	0.78
20	0.47	0.3	0.55	0.71	0.48	0.45	0.45	0.8
130	0.49	0.41	0.61	0.65	0.54	0.48	0.54	0.75
250	0.48	0.43	0.56	0.77	0.5	0.43	0.52	0.68

# Confidence Intervals for Next 24 Hours

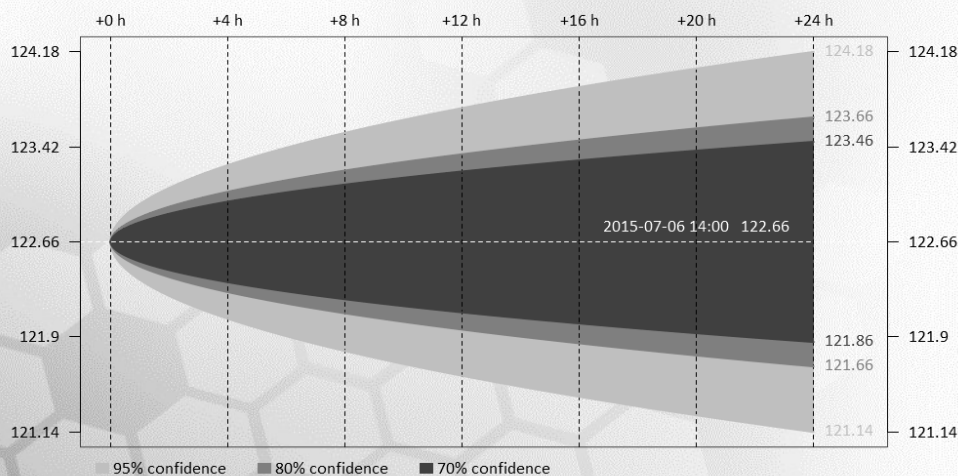
EURUSD Potential Rates



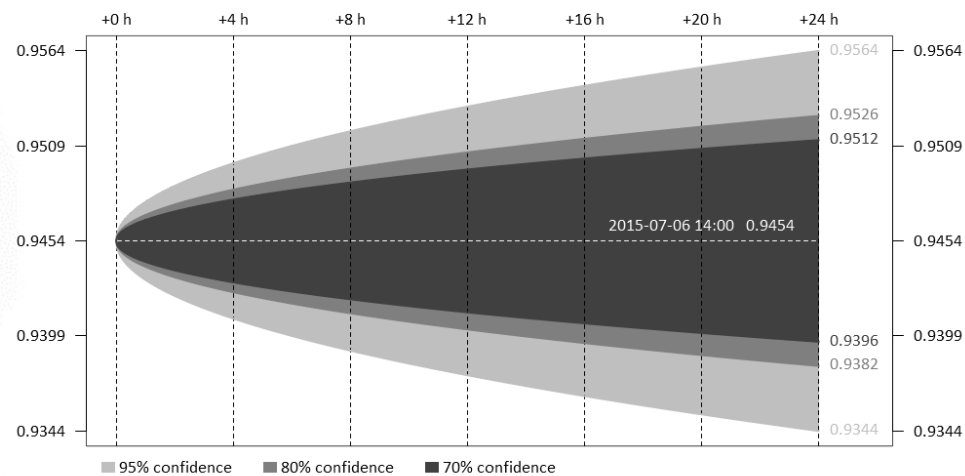
GBPUSD Potential Rates



USDJPY Potential Rates



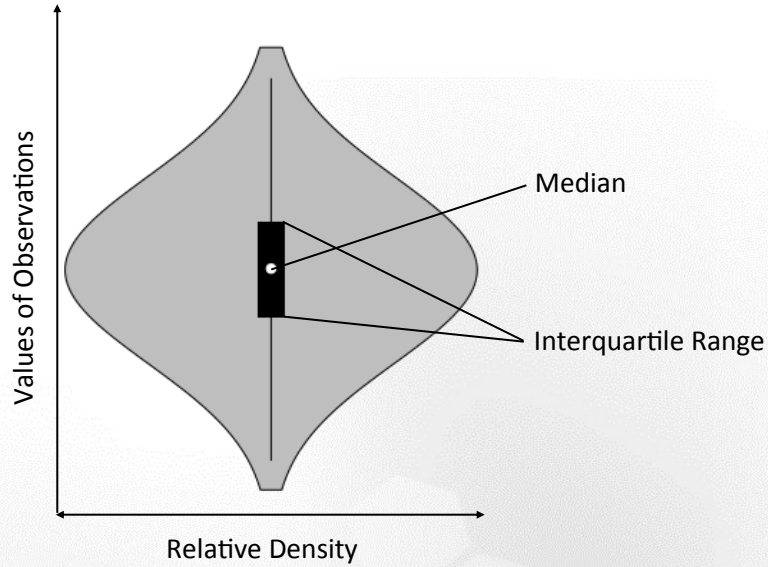
USDCHF Potential Rates



# 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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