



USD

13/07/2015



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Market Research





Dominant Events of the Period

Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
July 6	July 7	July 8	July 9	July 10
00:00 - 16:30	07:30 - 20:00	01:00 - 18:30	01:30 - 23:00	06:30 - 16:30
<ul style="list-style-type: none"> <u>Greek Bailout Referendum</u> <u>Japanese Flash Coincident Index</u> <u>US Markit PMI, Labor Market Conditions Index</u> <u>Canadian Ivey PMI, BoC Business Outlook Survey</u> 	<ul style="list-style-type: none"> <u>Eurogroup Meeting, EU Leaders Special Summit</u> <u>US Trade Balance</u> <u>UK NIESR GDP Estimate</u> 	<ul style="list-style-type: none"> <u>Japanese Eco Watchers Survey</u> <u>UK Budget Report</u> <u>Canadian Building Permits</u> <u>FOMC Minutes</u> 	<ul style="list-style-type: none"> <u>Chinese CPI, PPI</u> <u>Australian Participation Rate, Unemployment Rate</u> <u>German Trade Balance</u> <u>BoE Asset Purchase Facility, Interest Rate Decision</u> <u>US Jobless Claims</u> 	<ul style="list-style-type: none"> <u>UK Trade Balance</u> <u>Canadian Net Change in Employment, Unemployment Rate</u>

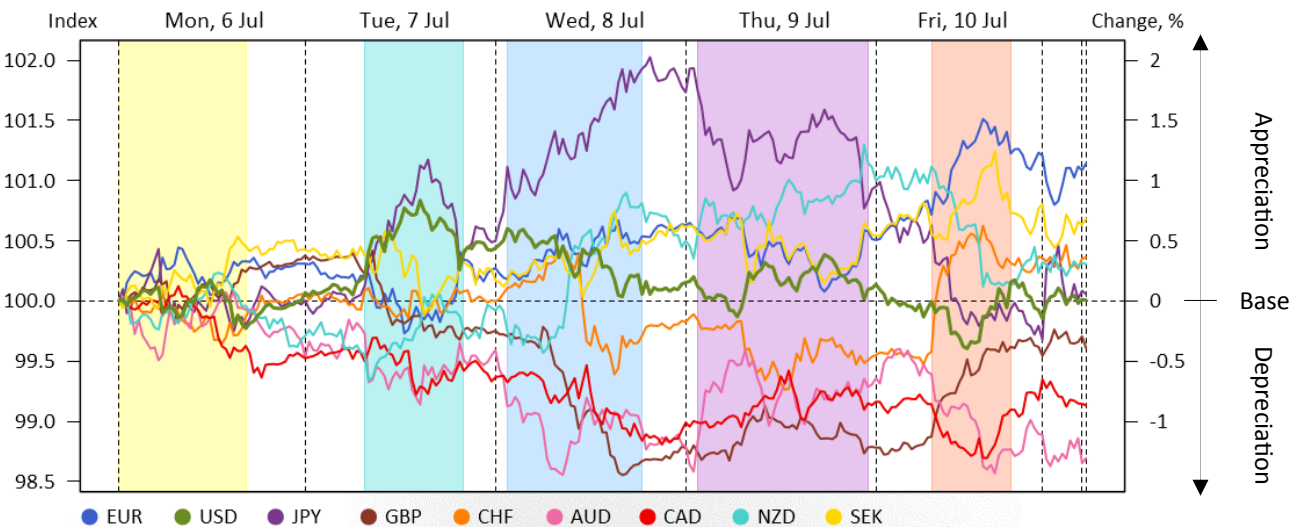
USD Currency Index Change	-0.23%	0.21%	-0.54%	-0.02%	0.16%
Max USD Volatility Index	1.45	1.75	1.38	1.37	1.81



Relative Currency Strength

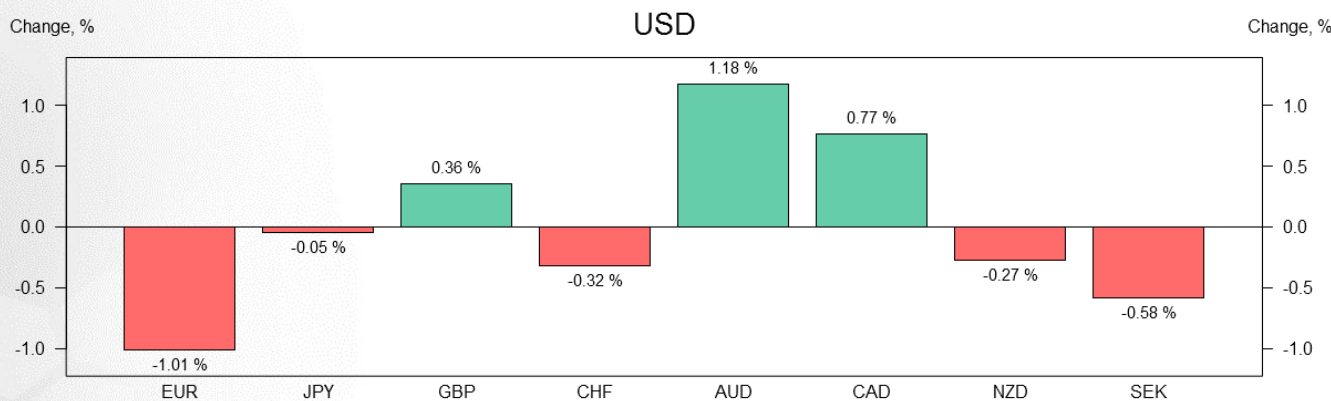
Currency Indexes

Having enjoyed an uptrend alongside the yen's gauge during the pre-referendum week, the USD Index halted its advances in the past period, and after a couple of bounces off the baseline entered the new week back on the July 6 level. Its Japanese peer also finished the period on the base level, though it did see considerably more action. The JPY Index surged earlier in the week, fuelled by uncertainty over Greece and the plunge of Chinese stocks, and then slumped on Friday as the mood turned positive on Greek negotiations, thus going two points up and two points down in the span of four days. Meanwhile, Friday's developments pushed the EUR and the CHF Indexes



up, allowing them to post weekly gains within the top -3 list. In the depreciation area, the Aussie had the bumpiest ride, shaken by the situation in China and falling commodity prices. Thursday's employment data offered the AUD Index some support, but on Friday it slid back to the week lowest levels and ended the period with the greatest weekly loss.

The dollar's Greek-crisis-fueled advances against the Euro picked up speed on Tuesday, but were cut short later the same day as Greece submitted a revised bailout proposal to its creditors, unleashing a wave of optimism over the Euro zone. After that the Greenback's performance was feeble, and, with no major releases to affect its course, the USD Index slid to the 100 points mark and swayed within the 0.4 points range from the baseline.



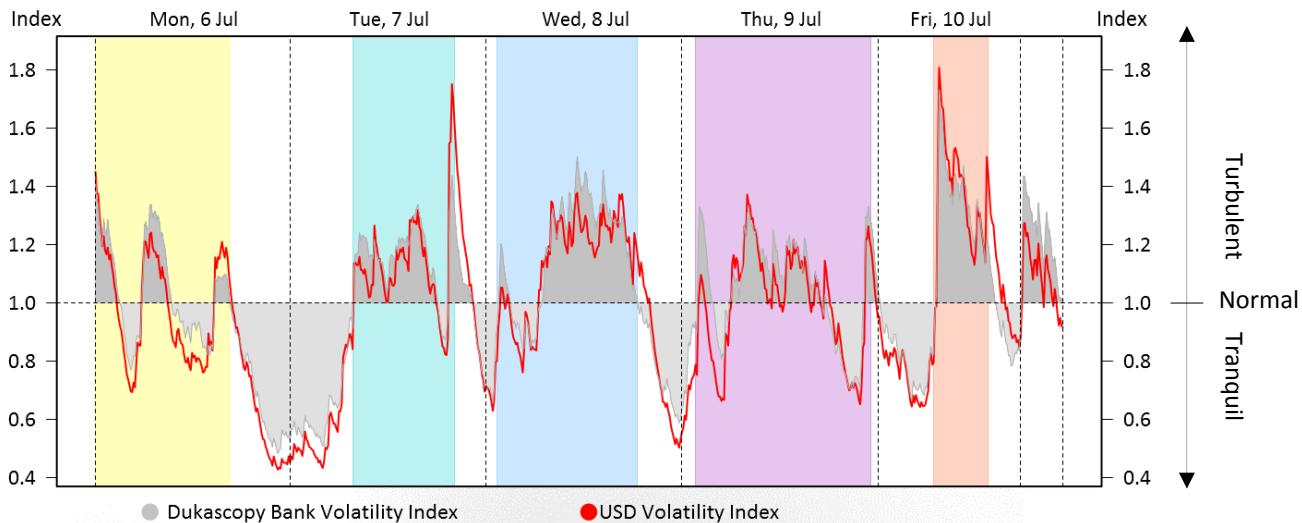
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.14%	0.01%	0.06%	-0.39%	0.36%	-1.3%	-0.87%	0.31%	0.68%
20	0.94%	1.63%	2.98%	1.59%	0.74%	-2.74%	-1.46%	-2.78%	-1.61%
130	-2.36%	3.61%	-1%	6.55%	13.28%	-5.69%	-2.37%	-11.66%	-1.15%
250	-4.6%	17.94%	-3.42%	6.76%	12.06%	-8.41%	-0.95%	-12.72%	-6.66%



Volatility

Volatility



More than half the time during the week the turbulence of both the market and the Greenback was above the average historical levels. However, the volatility spikes were not particularly impressive. Against the background of the Greek crisis, the safe haven yen became the most turbulent currency with 72% portion of elevated volatility. Slightly behind the leader was the Aussie, which was reacting sharply to the Chinese turmoil and Australian economic releases throughout the trading week. The Swedish krona, in turn, was less changeable than its counterparts, but, nevertheless, it was over-turbulent in 40% of time.

There were not a lot of economic releases from

the US during the period, so the currency mostly reacted to changes in its counterparts' rates. The trading week started with the announcement of the Greek referendum's results and the subsequent increase of the market volatility above the historical average. The first notable surge of the US dollar's volatility caused by the domestic economic news was observed in the afternoon after the PMI releases. The market activity during Tuesday was again associated with the fuss around the Greek debt. The USD Volatility index spent the consequent two days in relative composure, but started Friday's European session with the most conspicuous spike of 1.81 points and 2.68 points for the USD/CHF component. Thus, the frank's surge on Friday became the most resonant event for the market.

Elevated Volatility (% of the observed period)

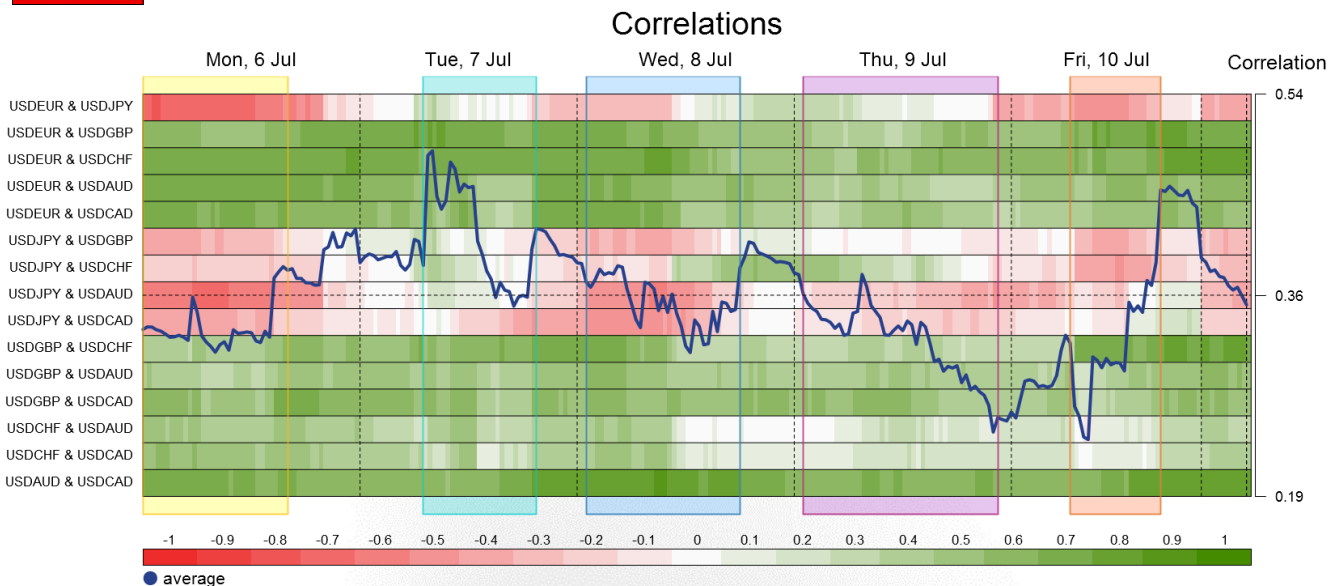
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	53	51	42	55	40	30	70	48	54	35

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.73	1.81	2.53	2.2	2.17	2.68	2.48	2.38	2.03	2.05
Min	0.48	0.43	0.31	0.33	0.29	0.23	0.49	0.33	0.47	0.27
Average	1.02	0.98	0.95	1.06	0.94	0.85	1.17	1.04	1.03	0.87



Currency Significance

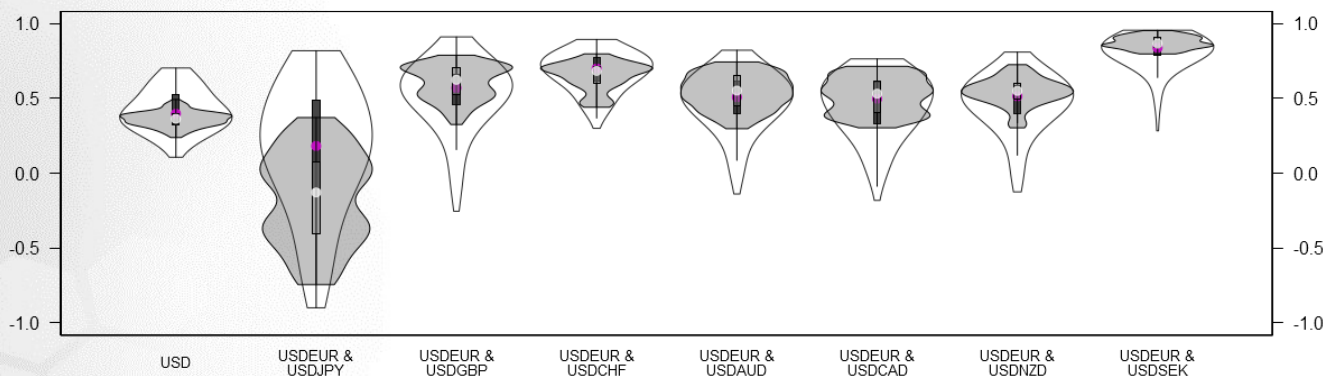


All the red on the USD/JPY components' plots suggests that the yen's pull greatly outweighed the Greenback's influence on the market in the past period, and it was the Japanese currency that dictated the movements of the major pair. The yen's significance was indeed the strongest among its peers, with its measure holding in the solid area above the 0.6 mark. The second-strongest was the Aussie's gauge, though it seems that the Australian dollar did not have an equally dramatic effect on its US counterpart. The Greenback itself kept its significance composite

on moderate levels between 0.25 and 0.45 points, with most of its USD/EUR components holding around their averages.

The dollar's significance composite behaved similarly to its currency index during the period, mostly following the mood generated by the Greek crisis. It peaking to its highest point on Tuesday morning, when uncertainty in the Euro zone fueled the dollar, and then gradually slid to lower levels as the yen went into a rally. The sharpest surge of the measure took place on Friday, when the dollar reversed its downward movement, but the momentum was lost over the weekend, and the dollar opened the new week having a lower-than-historical significance.

Correlations (5 vs 20 days)

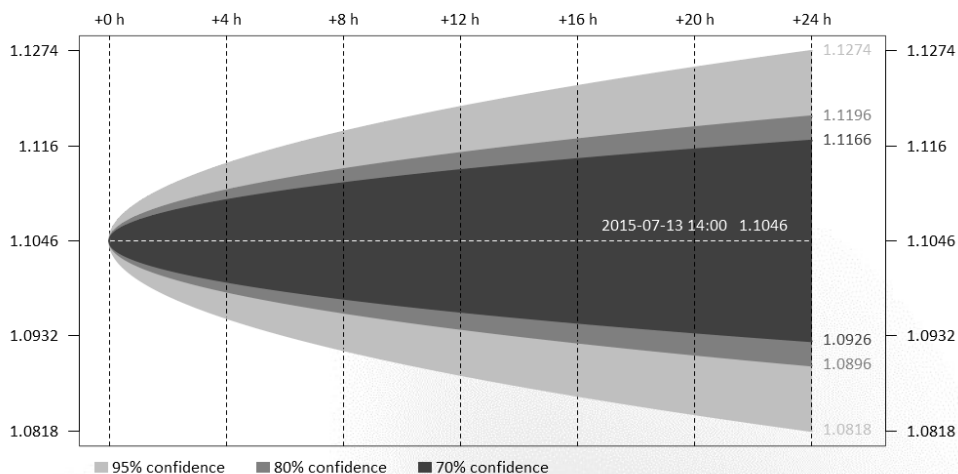


Mean Correlation Coefficient (with USDEUR)

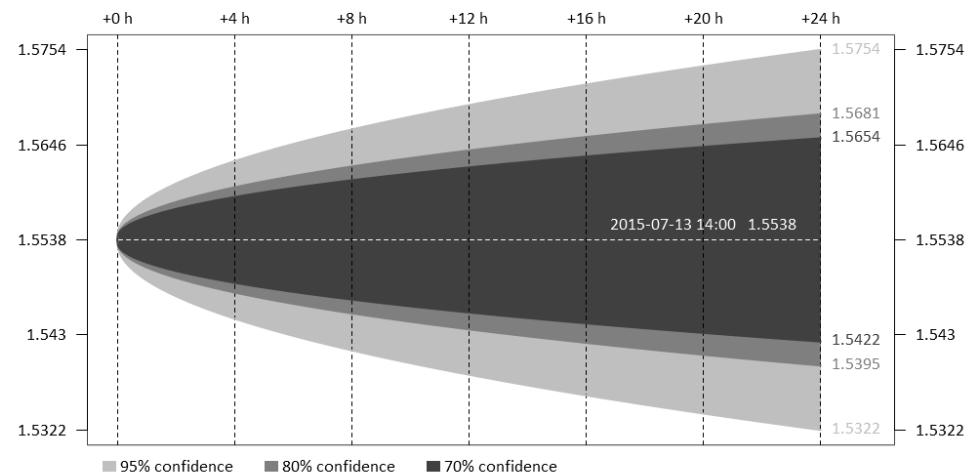
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.36	-0.17	0.6	0.65	0.54	0.52	0.54	0.87
20	0.42	0.14	0.52	0.68	0.48	0.45	0.47	0.82
130	0.48	0.38	0.6	0.64	0.54	0.48	0.54	0.76
250	0.48	0.42	0.56	0.76	0.51	0.43	0.53	0.69

Confidence Intervals for Next 24 Hours

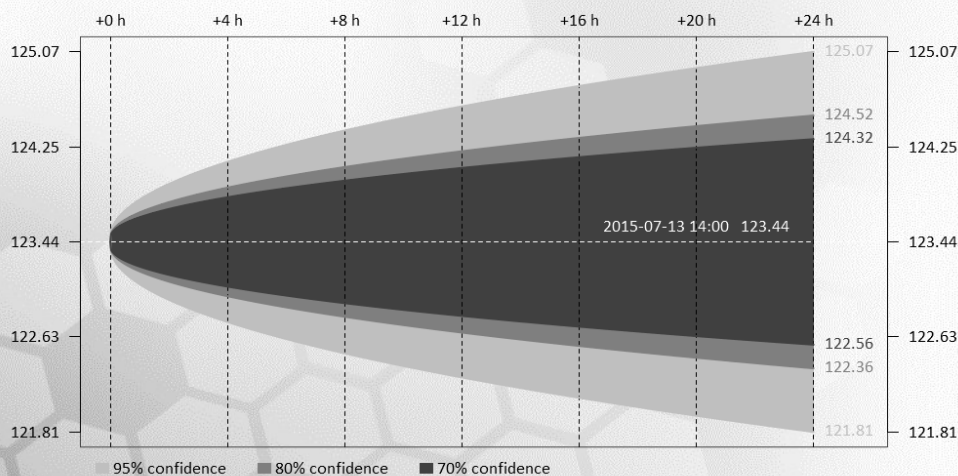
EURUSD Potential Rates



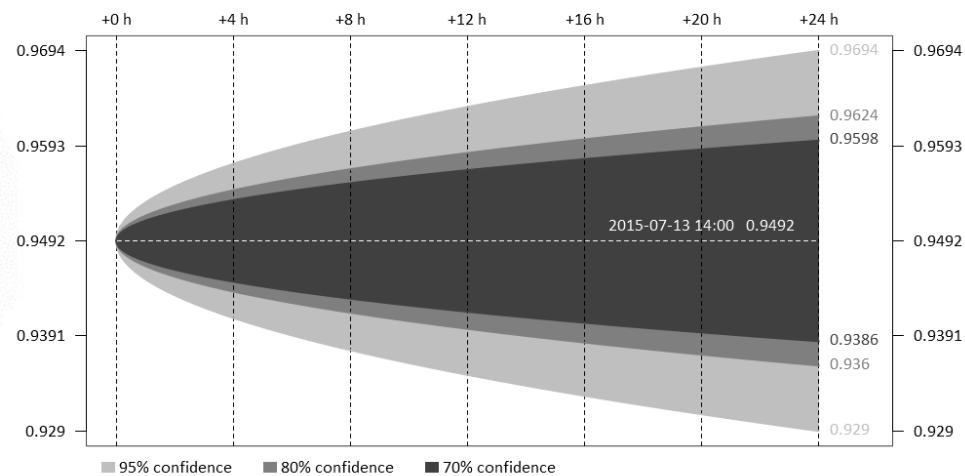
GBPUSD Potential Rates



USDJPY Potential Rates



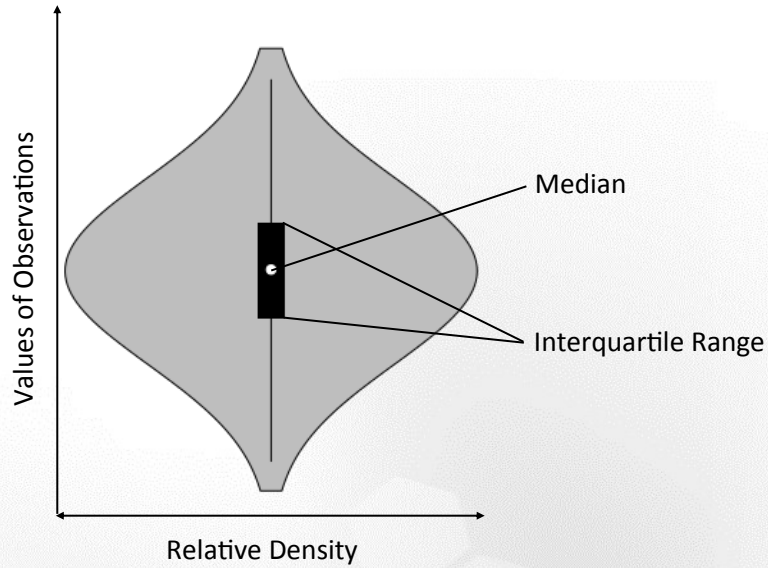
USDCHF Potential Rates



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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