



USD

27/07/2015



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Market Research





Dominant Events of the Period

Yellow Area

July 21

08:00 - 16:30

- UK Public Sector Net Borrowing
- US Industrial Production and Capacity Utilization Revision

Turquoise Area

July 22

01:30 - 15:30

- Australian CPI
- BoE MPC Vote, Minutes
- US Housing Price Index, Existing Home Sales

Blue Area

July 23

07:00 - 16:30

- Swedish PPI, Unemployment Rate
- UK Retail Sales
- US Jobless Claims
- Canadian Retail Sales
- Euro Zone Consumer Confidence

Purple Area

July 24

01:30 - 15:30

- Chinese Flash Manufacturing PMI
- German, Euro Zone Flash PMI
- Swedish Trade Balance
- US Flash Manufacturing PMI, New Home Sales

USD Currency Index Change

-0.62%

0.39%

-0.11%

0.26%

Max USD Volatility Index

1.29

1.16

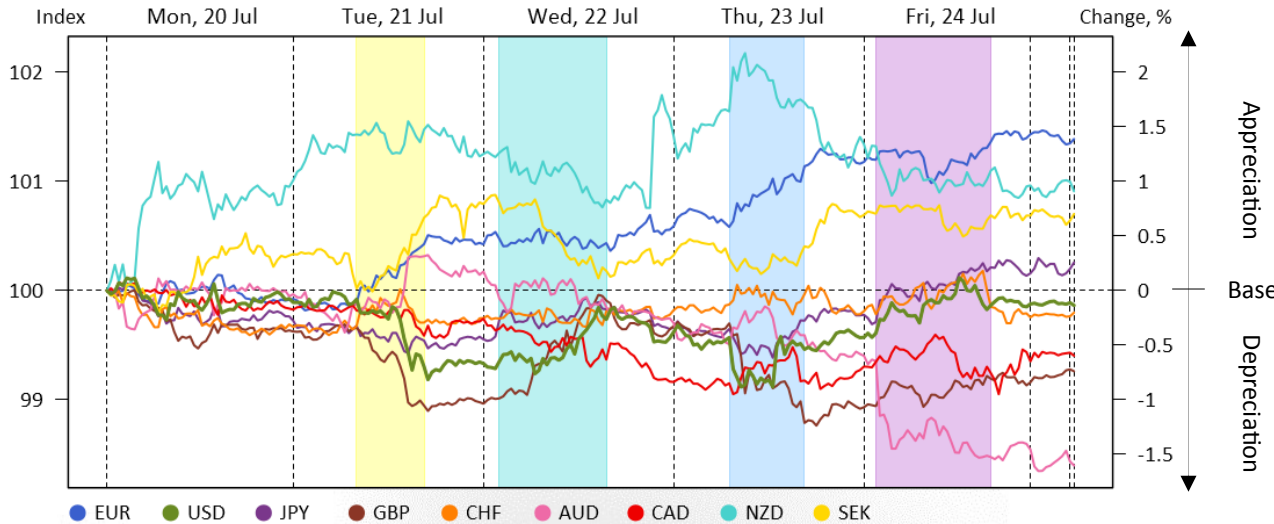
1.79

1.58



Relative Currency Strength

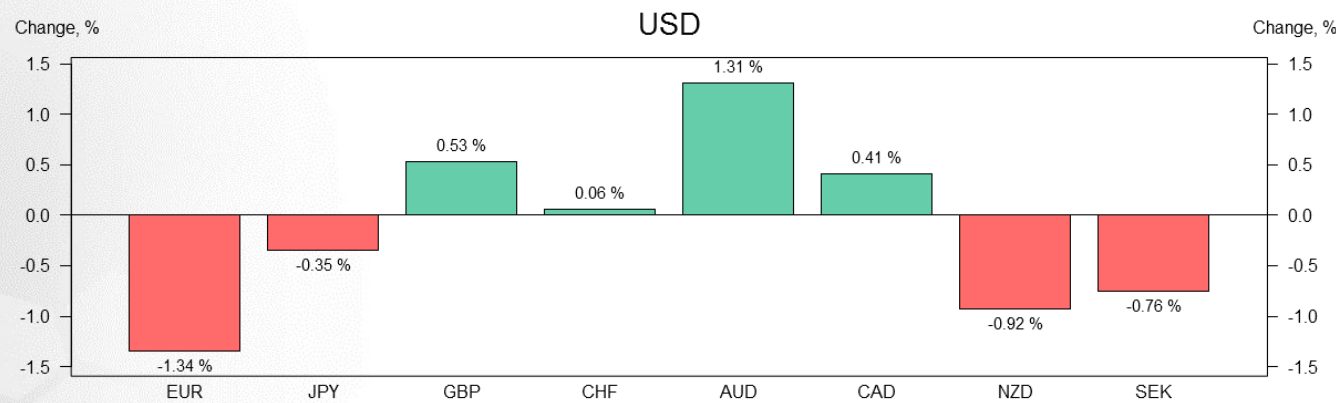
Currency Indexes



The period was mostly notable for the recovery of the previous week's main losers, while most of the other indexes stayed largely unchanged from their past levels, posting only moderate losses. The week opened with the NZD Index surging above its peers after New Zealand's PM said that, amid concerns over the overpriced currency, the Kiwi has actually fallen faster and further than expected. The stance was somewhat supported by the RBNZ's statement, helping the index keep the best performer's position up to Thursday morning. Eventually, however, the Kiwi's gauge started to ease down, and was outpaced by the EUR Index, which entered an uptrend as the

concerns over the Greek crisis cooled down. Meanwhile, the AUD Index was the only measure to post over 1% weekly loss, taking its main hit from disappointing Chinese Manufacturing PMI on Friday.

The USD Index made its first major move on Tuesday, when it dropped against the background of strengthening Euro and the Fed's downward revision of the US industrial production and capacity utilization. On Wednesday, the losses were pared as the dollar found support in better-than-expected housing data. The index dipped again after the results of the Greek parliament vote on the bailout reforms boosted the Euro, but regained its footing with the release of the US jobless claims and climbed back to the baseline by the end of the week.



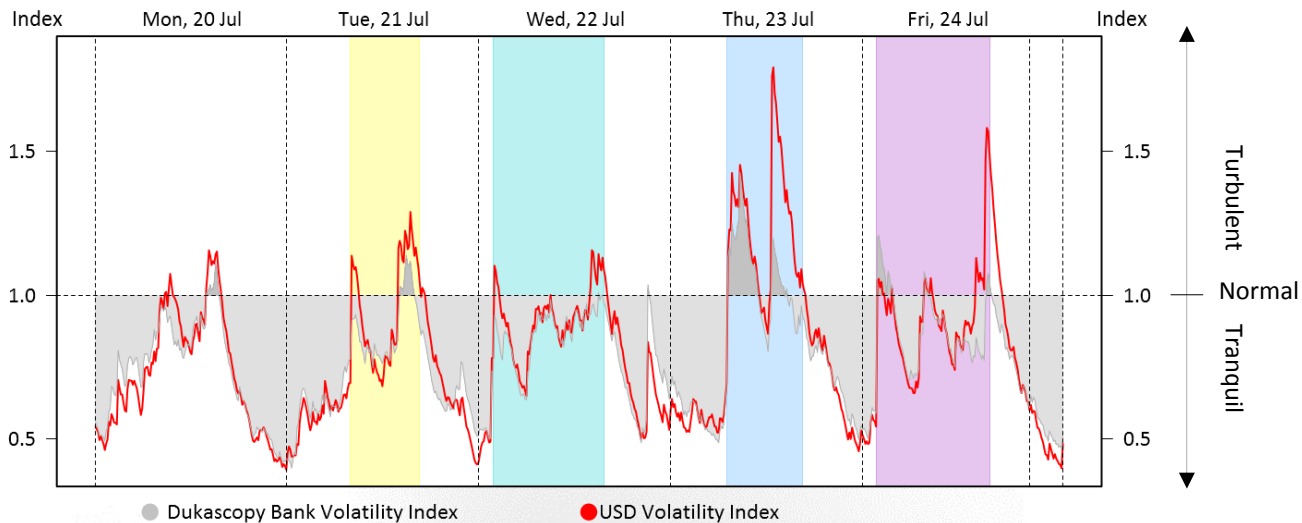
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.39%	-0.14%	0.26%	-0.74%	-0.2%	-1.6%	-0.6%	0.91%	0.7%
20	1.86%	2.46%	2.18%	1.47%	0.07%	-2.92%	-3.46%	-1.52%	-0.79%
130	1.85%	4.73%	0.2%	7.92%	-1.37%	-5.51%	-0.04%	-8.95%	0.37%
250	-4.13%	18.55%	-3.33%	8.47%	11.62%	-10.25%	-2.5%	-11.07%	-7.37%



Volatility

Volatility



The past week was marked by a notable lowering in the portions of elevated volatility of the most observed currencies. The Greenback was no exception, and its index held above the historical level in only 20% of the time, losing 6% from the previous period's readings. However, that was the third greatest value, with only the Aussie and the Kiwi posting bigger elevated volatility portions of 21% and 33%, respectively. For the market in general, the period was even more tranquil, as the aggregate volatility index spent only 11% above the 1-point level, 13% less than in the previous week.

The Greenback spent the first three days of the period almost entirely in a tranquil state, its index hardly reaching the 1.3 points mark with its greatest splash. It took place on Tuesday, when the Fed published downward revisions to the industrial production and capacity utilization, signaling that the economic recovery was weaker than previously though. The highest volatility spike, in turn, happened on Thursday, caused by the dollar getting a boost from the jobless claims numbers and recovering from earlier losses. Afterwards the Greenback's volatility index kept mostly below the market's gauge and the 1-point line, showing the period's last peak as the dollar dipped at the end of the European session.

Elevated Volatility (% of the observed period)

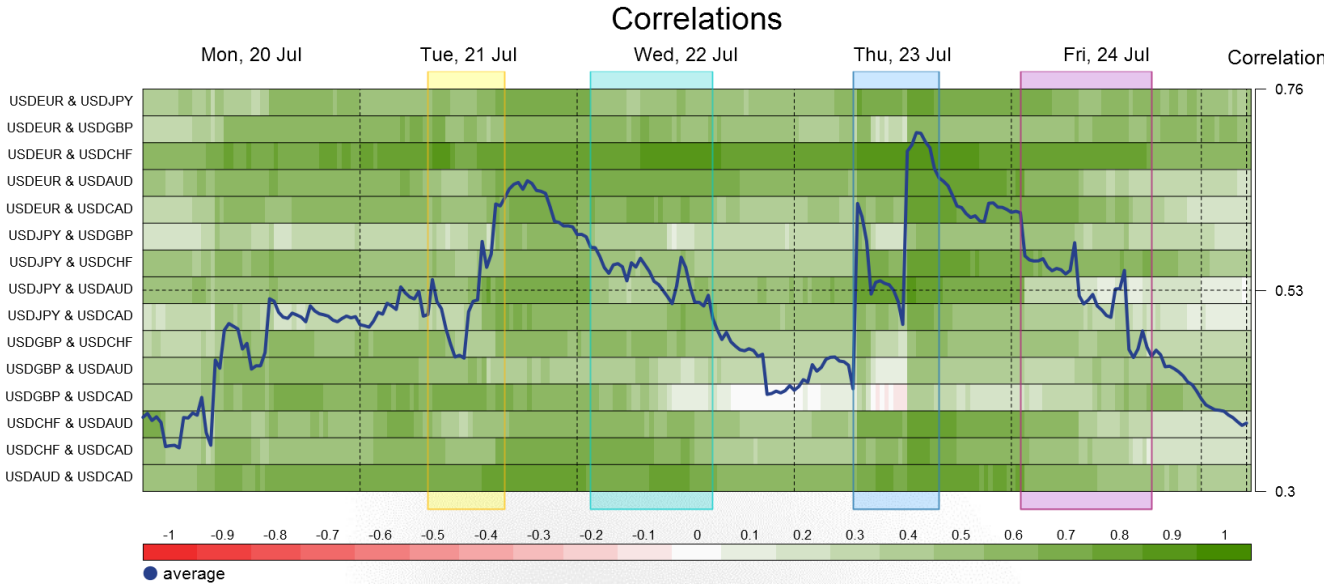
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
11	20	21	7	30	14	35	31	46	12

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.43	1.79	2	1.6	3.02	2.23	2.81	2.28	3.15	1.56
Min	0.4	0.39	0.23	0.24	0.24	0.19	0.3	0.31	0.4	0.22
Average	0.77	0.8	0.73	0.6	0.81	0.68	0.91	0.84	1.05	0.69



Currency Significance

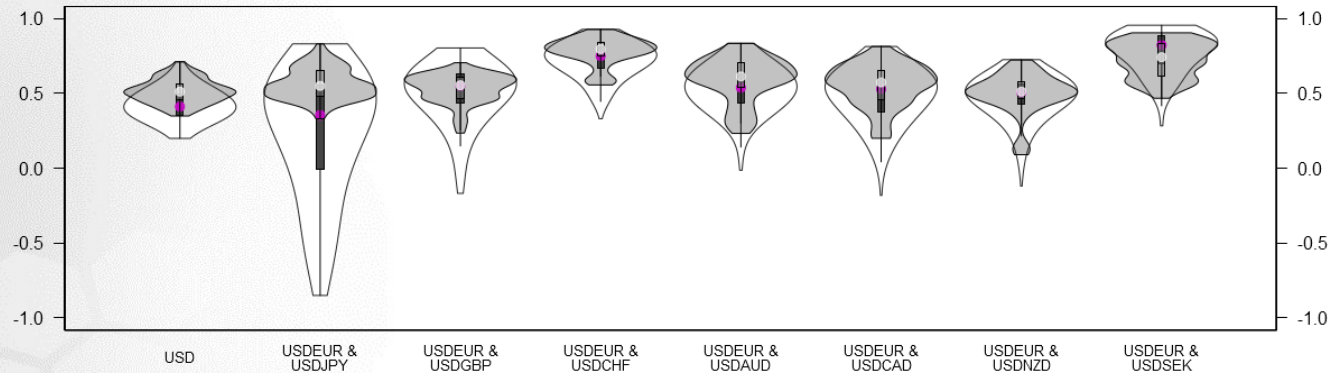


Compared with the several previous trading weeks, the correlations between the USD/EUR and other dollar's pairs were mostly above the average, as the Euro was relatively calm after the weeks of over stress against the background of active Greek issue discussions. It is worth noting that the average correlation between the USD/EUR and the USD/JPY increased more than twice, as during the past month the yen, as a safe haven currency, had a negative bond with the Euro.

The Greenback's significance measure was varying in the moderately strong range of 0.35-0.71 points.

Thus, the currency was not among the most significant ones, where the leading positions were held by the Pacific currencies. Thus, the Kiwi's gauge moved above its peers since Monday, after the New Zealand Prime Minister's comments on the currency's depreciation sent the NZD composite to the 0.85 level. The first notable surge of the Greenback's gauge, in turn, took place on Tuesday noon, when the measure exceeded the 0.6 level after the Federal Reserve released its pessimistic revision of the industrial production data. The composite reached its maximum only on Thursday, when it first reacted to the Greek Parliament's approval of the bailout reform package, and then spiked even higher following the surprisingly decreasing jobless claims.

Correlations (5 vs 20 days)

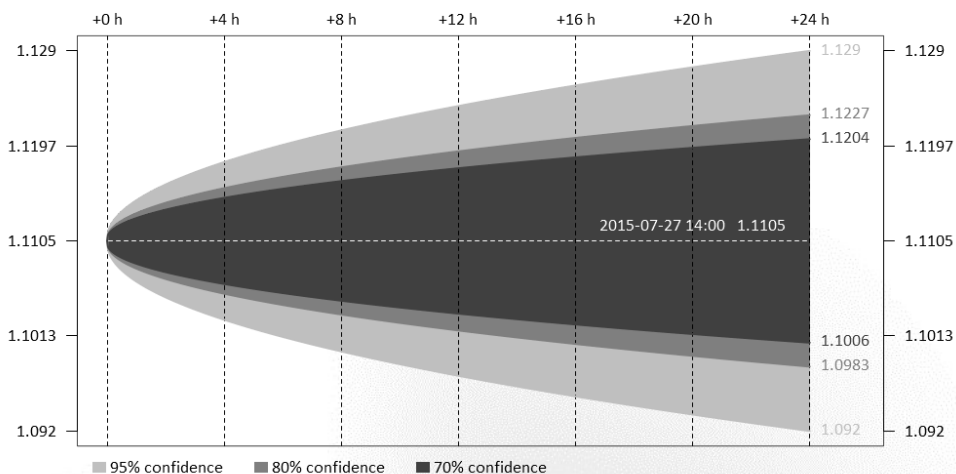


Mean Correlation Coefficient (with USDEUR)

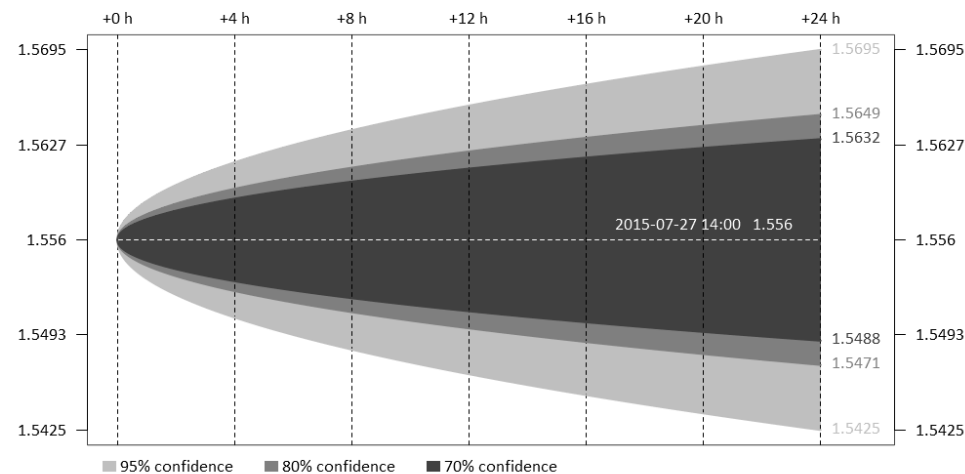
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.52	0.56	0.53	0.78	0.59	0.55	0.5	0.73
20	0.42	0.23	0.5	0.72	0.53	0.49	0.48	0.78
130	0.5	0.4	0.6	0.68	0.55	0.5	0.55	0.77
250	0.49	0.43	0.57	0.76	0.52	0.45	0.53	0.7

Confidence Intervals for Next 24 Hours

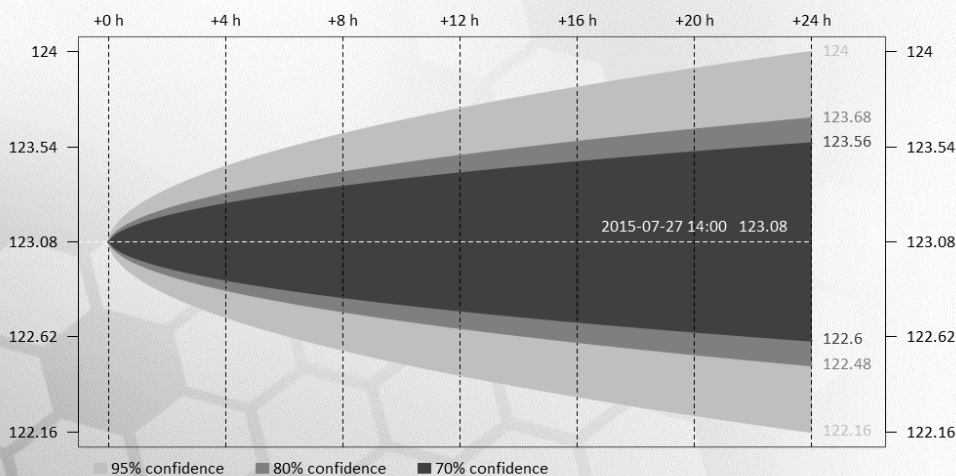
EURUSD Potential Rates



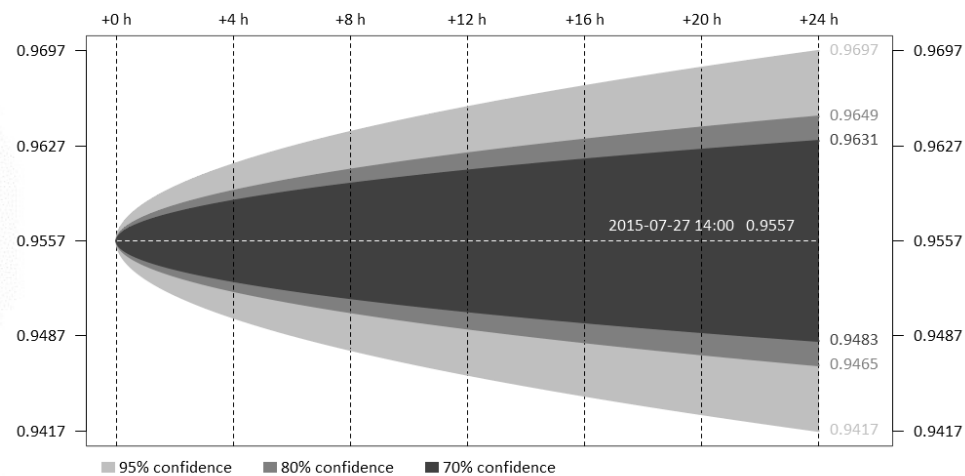
GBPUSD Potential Rates



USDJPY Potential Rates



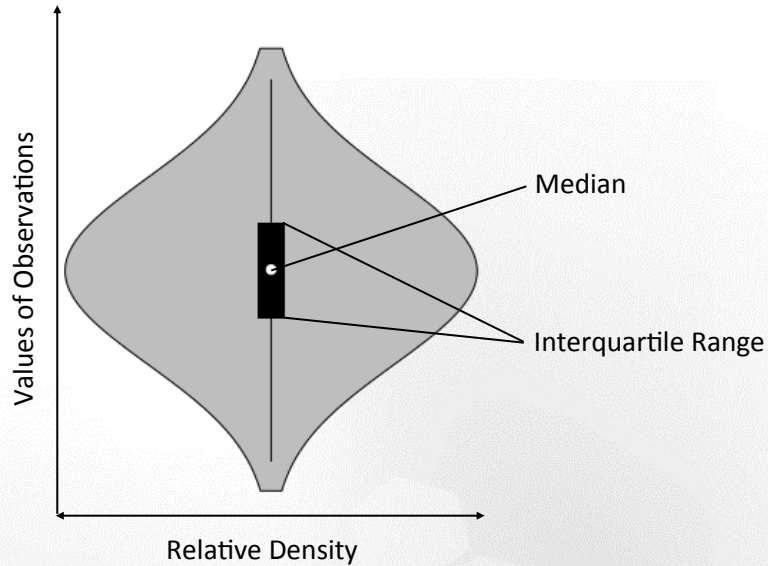
USDCHF Potential Rates



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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