



USD

04/08/2014



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

July 29

12:00 - 15:00

- U.S. Consumer Confidence

Turquoise Area

July 30

05:30 - 18:30

- Euro zone Economic Sentiment, Industrial Confidence
- U.S. Preliminary GDP, Fed's Monetary Policy Statement
- Sweden GDP

Blue Area

July 31

08:00 - 16:00

- Euro zone Preliminary CPI, Unemployment Rate
- Canadian GDP
- U.S. Initial and Continuing Jobless Claims, Chicago PMI

Purple Area

August 1

08:30 - 15:00

- UK Markit Manufacturing PMI
- U.S. Nonfarm Payrolls, Unemployment Rate, ISM Manufacturing PMI

USD Currency Index Range

0.16%

0.48%

0.11%

0.38%

Average EUR/USD Volatility Index

1.21

1.26

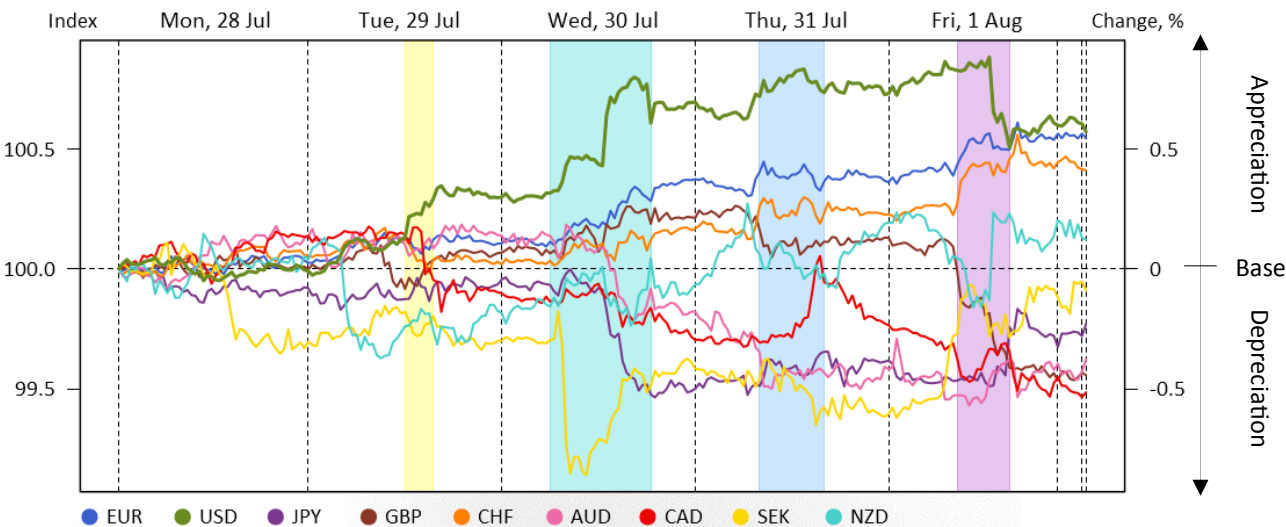
1.36

1.94



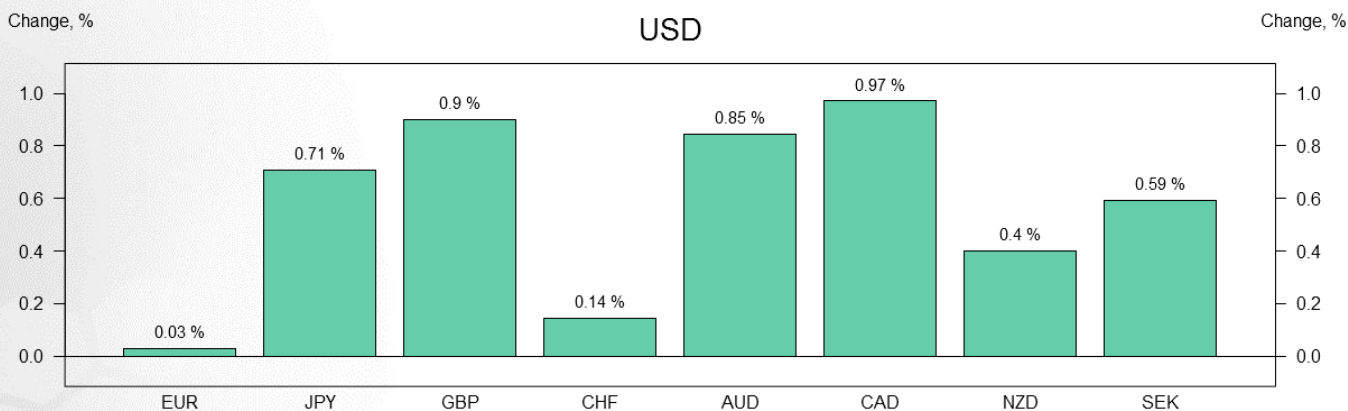
Relative Currency Strength

Currency Indices



The past week was mostly successful for the Greenback. A host of positive news on U.S. economy drove the currency up and USD finished the week as the best performer and advanced against all its counterparts. CAD, in turn, was losing against the background of declining oil prices, thus becoming the worst performer with 0.51% loss of the index over the period. The Aussie and the pound, which fell shortly after lower-than-expected UK Markit Manufacturing PMI release on Friday, finished the week on the same -0.5% level. However, the most conspicuous currency movement was Swedish krona drop after disappointing GDP release on Wednesday, but SEK had fully recovered for the week end.

The U.S. dollar started to rise on Tuesday and continued without noticeable dips till Friday's noon. Positive news of two consecutive days – higher-than-expected U.S. Consumer Confidence and surprisingly optimistic GDP – were reflected in 0.7% appreciation of the dollar index. Despite Thursday's releases of increasing Jobless Claims and notably decreasing Chicago PMI USD Currency Index remained on relatively high 100.8 level. The Greenback fell on Friday, when unexpectedly small change in Nonfarm Payrolls and 0.1% higher-than-expected Unemployment Rate were announced by US Department of Labor. Thus, during the week USD gained 0.57% of its base value.



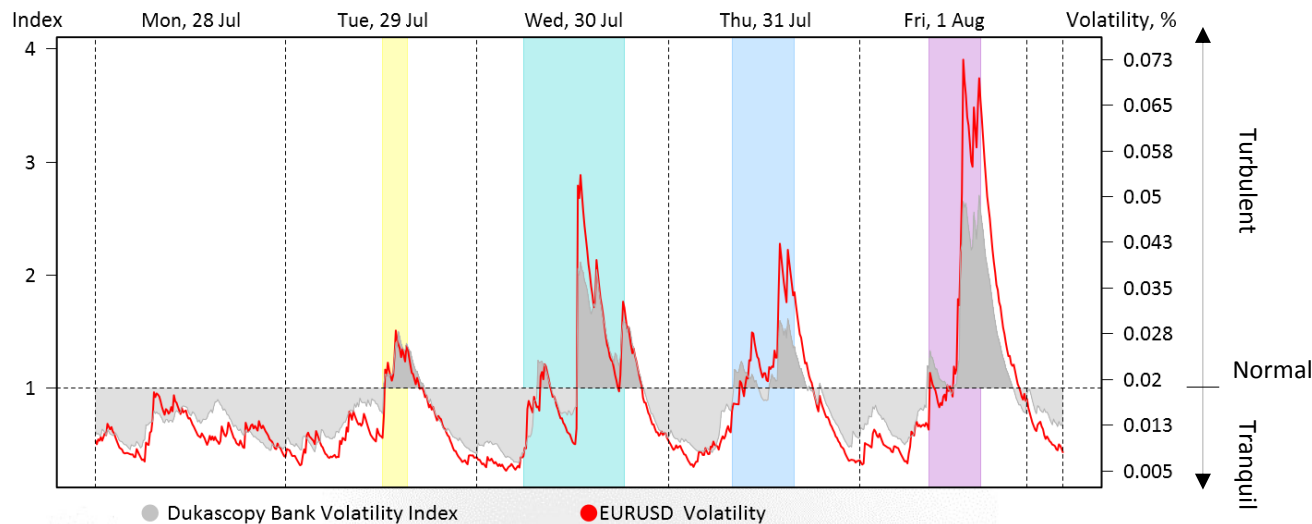
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	SEK	NZD
5	0.54%	0.57%	-0.23%	-0.44%	0.41%	-0.38%	-0.51%	-0.09%	0.12%
20	-0.05%	1.29%	0.93%	-0.78%	-0.1%	0.81%	-1.58%	1.22%	-1.45%
130	-1.73%	-1.28%	-1.66%	1.31%	-1.16%	5.83%	0.86%	-6.38%	4.12%
250	-0.6%	-1.85%	-5.76%	8.99%	1%	3.19%	-7.42%	-5.98%	8.42%



Volatility

Volatility



Without any significant news affecting not only the Greenback, but all the other currencies, last week started very peacefully as for the first two days market's volatility was elevated for only 10% of time. However, on Wednesday it began to pick up speed, when plenty of important news influencing the U.S. dollar and the Euro were released. In contrast from the previous week, EUR/CHF was the most elevated pair and held above the baseline for 40% of the period. Meanwhile the highest spikes occurred in USD/SEK and USD/JPY, and the indexes reached 5.09 and 4.12 marks respectively.

The first surge of the EUR/USD volatility occurred on Wednesday when US Bureau's of Economic Analysis released GDP Annualized and Price Index exceeded expectations and were raised to 4.0 % and 2.0 % respectively. Wednesday was turbulent enough for EUR/USD, and the index has risen again right after Fed interest rate decision came out. On Thursday market remained volatile as Chicago PMI dropped 10.0 points to 52.6 reaching a new low since June 2013. The U.S. Unemployment Rate data release managed the EUR/USD index to climb to the week highest level of 3.91. EUR/USD remained highly volatile for a few hours after which it started to steadily calm down.

Elevated Volatility (% of the observed period)

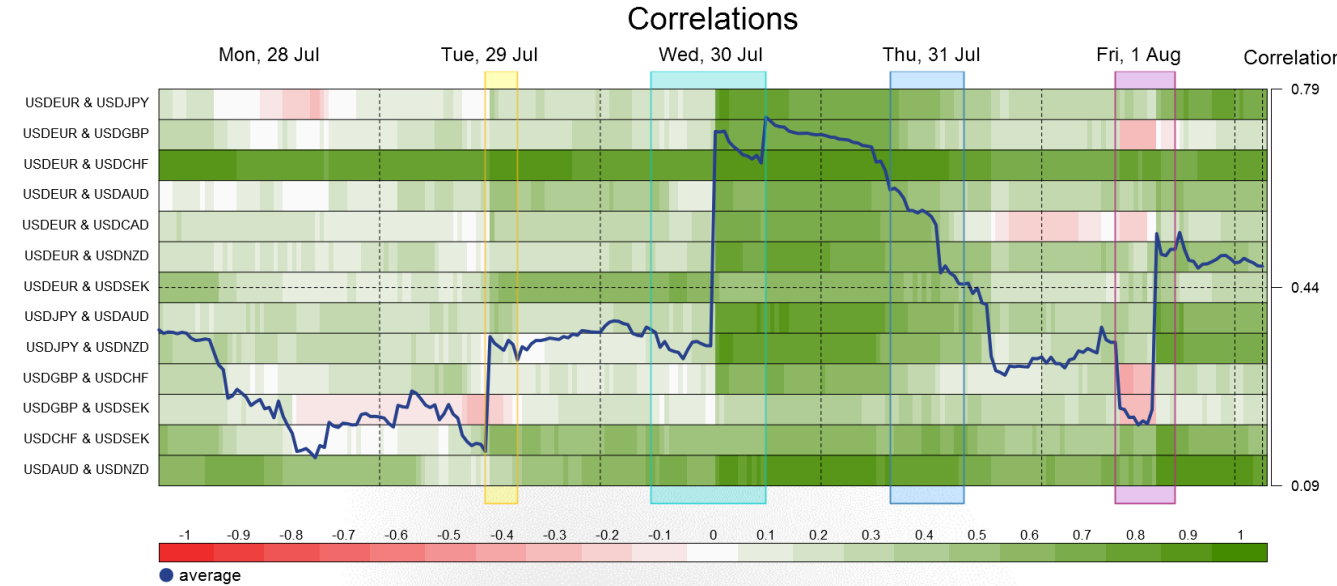
Market	EURUSD	USDJPY	GBPUSD	AUDUSD	USDCAD	USDCHF	EURJPY	EURGBP	EURCHF	USDSEK	NZDUSD
28	26	36	31	21	31	30	23	28	40	32	18

Volatility Index (for the observed period)

	Market	EURUSD	USDJPY	GBPUSD	AUDUSD	USDCAD	USDCHF	EURJPY	EURGBP	EURCHF	USDSEK	NZDUSD
Max	2.71	3.91	4.12	3.46	2.52	3.05	3.82	2.4	3.33	2.64	5.09	3.34
Min	0.35	0.27	0.37	0.26	0.32	0.19	0.21	0.34	0.22	0.3	0.15	0.26
Average	0.88	0.87	1.06	0.87	0.86	0.89	0.91	0.83	0.81	1.03	0.94	0.78



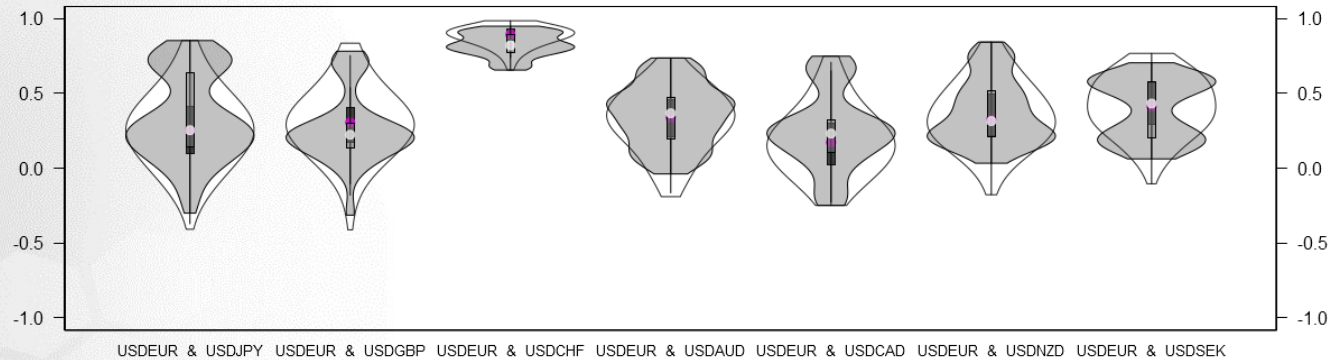
Currency Significance



The average values of correlations between USD/EUR and the rest of the dollar crosses varied from 0.25 to 0.82, and slightly shifted from their historical averages. Tails of the distributions of components were stretched and became heavier, pointing to the instability of the correlations during the week. The average correlations of the USD/EUR and USD crosses with European currencies compared to the long-term values have lost 0.03-0.2 points. In turn, the average values of the other components have increased. Furthermore, the composite also was rather unstable and varied between 0.13 and 0.74, having the highest maximum and the lowest minimum within the previous month.

The measure of USD had a lot of ups-and-downs during the observed period. Starting the period on the level of 0.36, it became to drop, and on Monday evening has reduced to its lowest level of the week. The very first noticeable surge of the composite occurred on Tuesday, when it jumped from 0.15 to 0.35, and stayed on this level till the next day. The better-than-expected U.S. GDP release managed the USD measure to climb to 0.72. Thus right after Fed monetary policy statement was released the composite gained its best week value of 0.74, however, after that the measure was reduced. The noticeable dip took place on Friday when waiting for a few releases for the U.S., the composite decreased to 0.19. Nevertheless, right after these reports came out, the measure jumped to 0.53 mark and stayed on this level till the end of the period.

Correlations (5 vs 20 days)

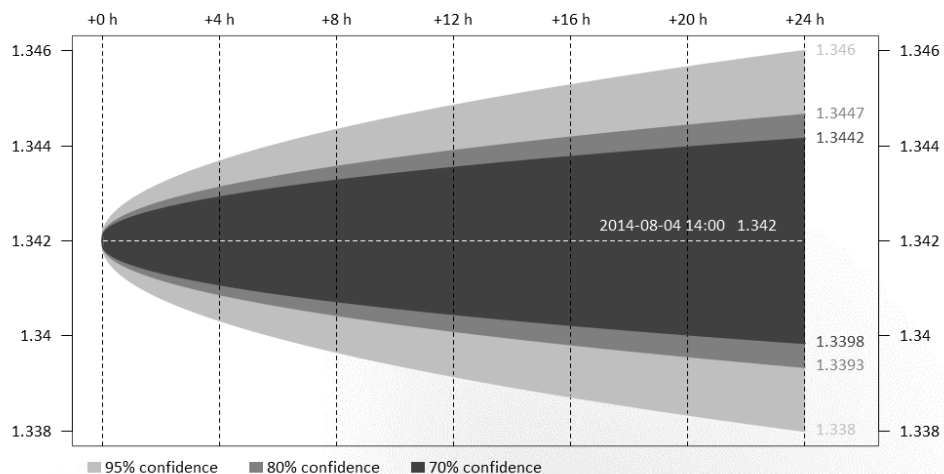


Mean Correlation Coefficient (with USDEUR)

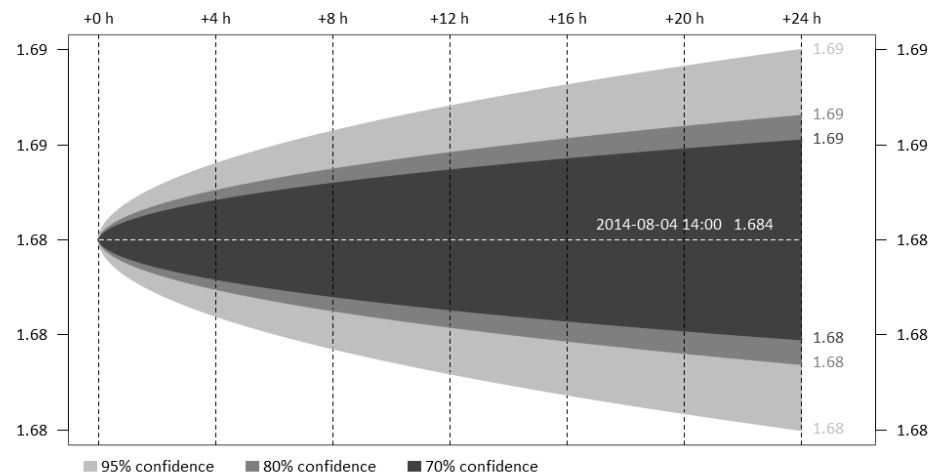
Days	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.34	0.26	0.82	0.36	0.25	0.37	0.39
20	0.26	0.3	0.88	0.32	0.18	0.35	0.42
130	0.19	0.4	0.86	0.25	0.16	0.3	0.57
250	0.23	0.46	0.85	0.29	0.21	0.31	0.58

Confidence Intervals for Next 24 Hours

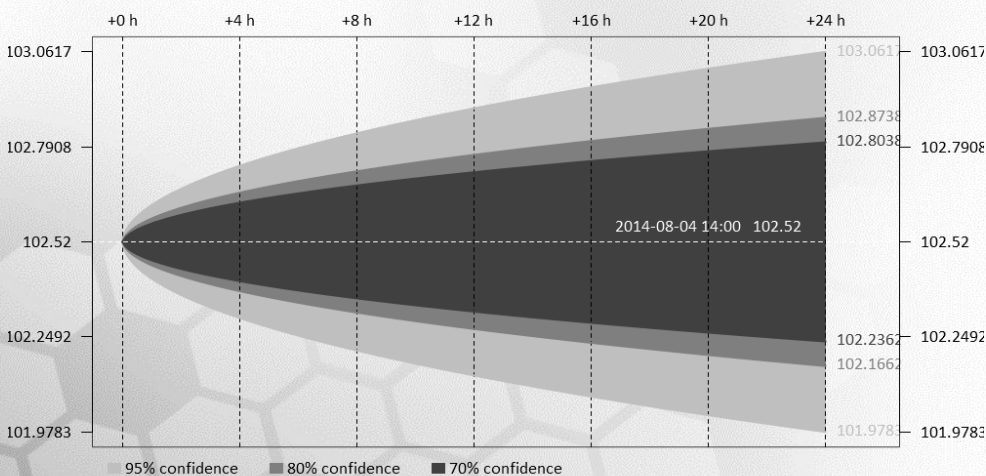
EURUSD Potential Rates



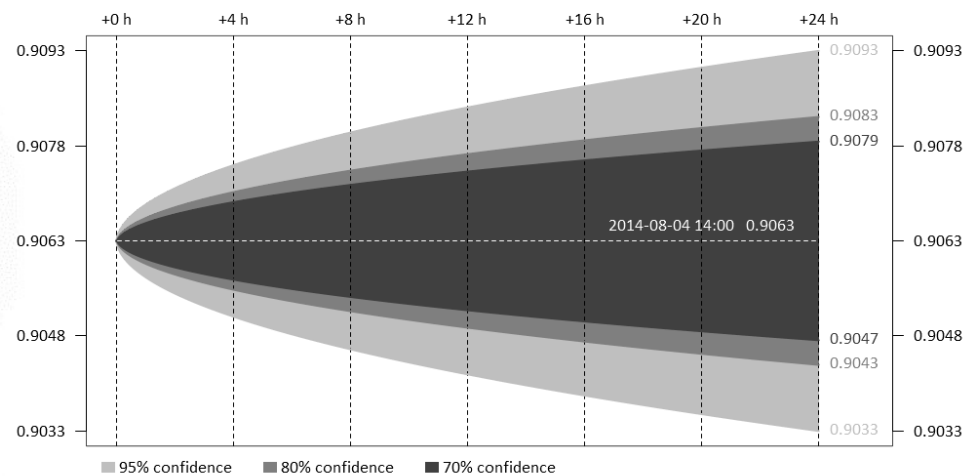
GBPUSD Potential Rates



USDJPY Potential Rates



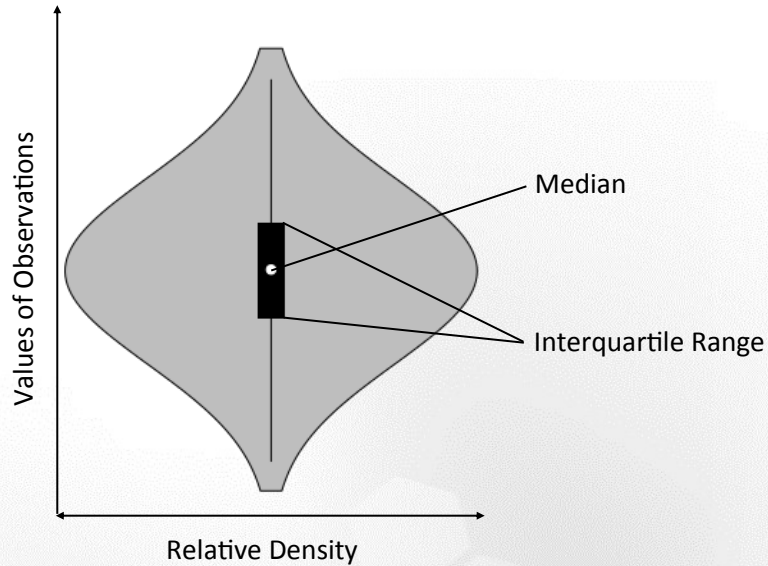
USDCHF Potential Rates



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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