



USD

11/08/2014



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Market Research





Dominant Events of the Period

Yellow Area

August 5

06:00 - 19:30

- Euro zone Services PMI, Retail Sales
- Sweden Services PMI
- UK Services PMI
- U.S. Factory Orders, ISM Non-Manufacturing PMI

Turquoise Area

August 6

06:00 - 19:00

- German Factory Orders
- Italian Preliminary GDP
- UK Industrial and Manufacturing Production

Blue Area

August 7

01:30 - 18:00

- Australian Unemployment Rate, Employment Change
- Euro zone Interest Rate Decision, Mario Draghi's speech
- UK Interest Rate Decision
- U.S. Jobless Claims

Purple Area

August 8

01:00 - 16:30

- RBA Monetary Policy Statement
- BoJ Monetary Policy Statement
- Sweden Industrial and Private Services Production
- Canadian Net Change in Employment
- UK Trade Balance

USD Currency Index Range

0.39%

0.41%

0.24%

0.28%

Average USD Volatility Index

1.08

1.19

1.13

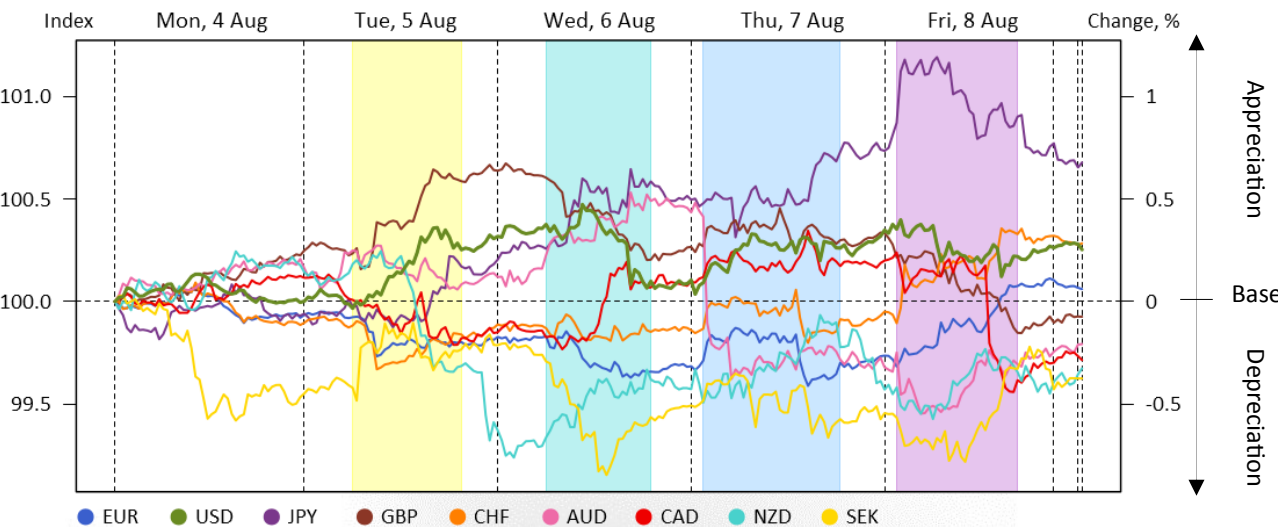
1.26



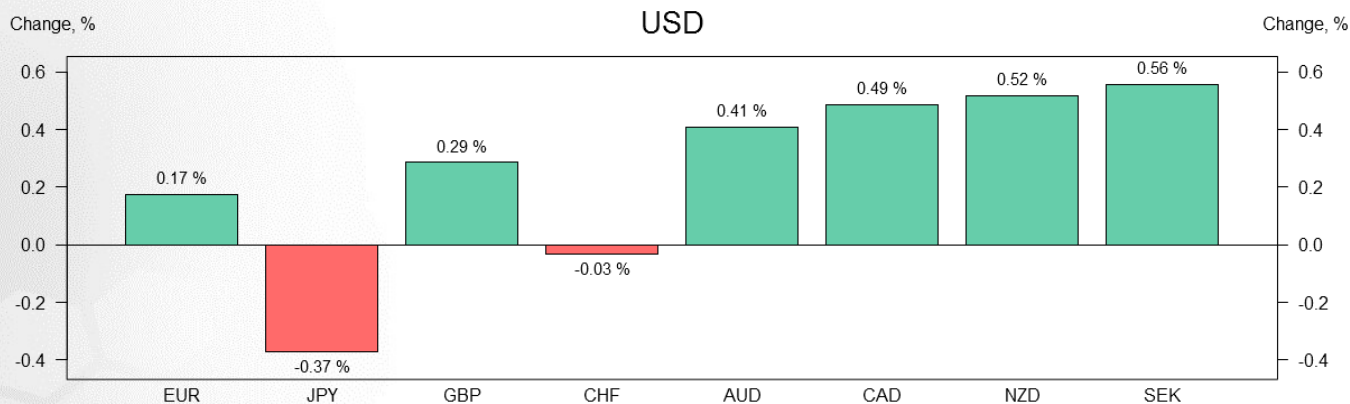
Relative Currency Strength

Currency Indices

The USD index was third top performer of the past week, while the Swedish krona posted the greatest decline of 0.37%. It is worth noting that against the background of mixed data on Sweden economy the krona was one of the most conspicuous currencies during two past weeks. However, the sharpest movements of the past week were drops of AUD and CAD on Thursday and Friday, respectively. Unexpectedly high Unemployment Rate and much more pessimistic than expected Change in Employment in Canada were the most resonant events of the period. The yen became the leader with 1.2% advance in Friday's morning, but finished the period with depreciation, thus gaining only 0.68% over base value.



The week was relatively tranquil for the U.S. dollar, and the dynamic of the currency were mostly influenced by movements of its counterparts. The USD index started the week with minor fluctuations around the base value. On Tuesday, however, lower-than-expected Euro zone PMI and rise in U.S. Factory Orders and Non-Manufacturing PMI boosted the currency strength by 0.35%. Later on Wednesday the Greenback trailed close to base value, but remained above it. Slight appreciation was observed early on Thursday, when the Aussie fell, and there were not more noticeable changes of USD's strength till the end of the week.



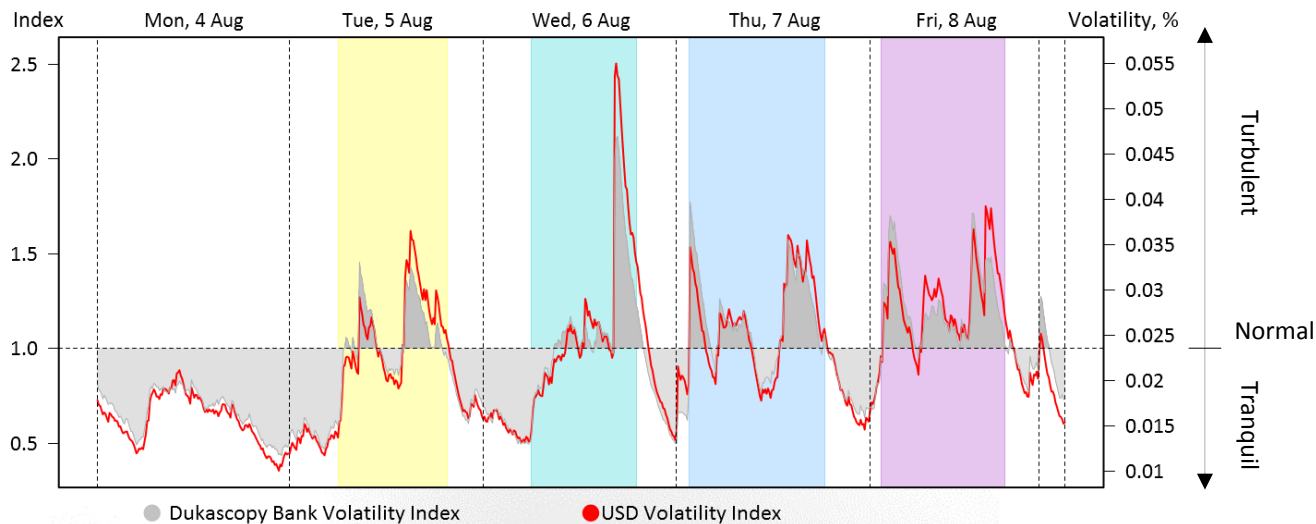
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.06%	0.25%	0.68%	-0.07%	0.28%	-0.21%	-0.28%	-0.33%	-0.37%
20	0.19%	1.84%	1.07%	-0.39%	0.19%	0.44%	-0.7%	-2.52%	0.22%
130	-1.84%	-0.1%	0.41%	2.26%	-0.94%	4.13%	0.66%	2.34%	-6.86%
250	0.75%	0.16%	-6.39%	9.07%	2.21%	1.38%	-6.96%	6.15%	-6.36%



Volatility

Volatility



The week was rather turbulent in terms of the market and USD volatilities. USD/JPY and the U.S. dollar crosses with European currencies were most volatile in the observed period. USD/JPY held above the historical level for 56% of the week and experienced one of the highest peaks of volatility. However, the most noticeable surge was observed in pair USD/AUD. The unexpectedly high Australian Unemployment Rate has risen pair's Volatility Index to the 5.45 mark. The spike has effected all currencies and the overall market stability. Thus the market and the USD Volatility Indexes rose to 1.77 and 1.55 levels, respectively.

After calm, as usual, Monday, the gauge of the USD volatility revived, and surged to the 1.62 level right after U.S. Non-Manufacturing PMI came out. The highest spike of the volatility occurred on Wednesday, and was caused by USD/JPY fall. The growth of the volatility started at the time of the grater-than-expected U.S. trade balance release, however, it reached only 1.21 mark. The yen's sharp increase in the afternoon, in turn, drove the USD Volatility Index up to the 2.6 peak. The rest of the period was especially turbulent – volatility was elevated for more than 50% of time, but the values were not so high.

Elevated Volatility (% of the observed period)

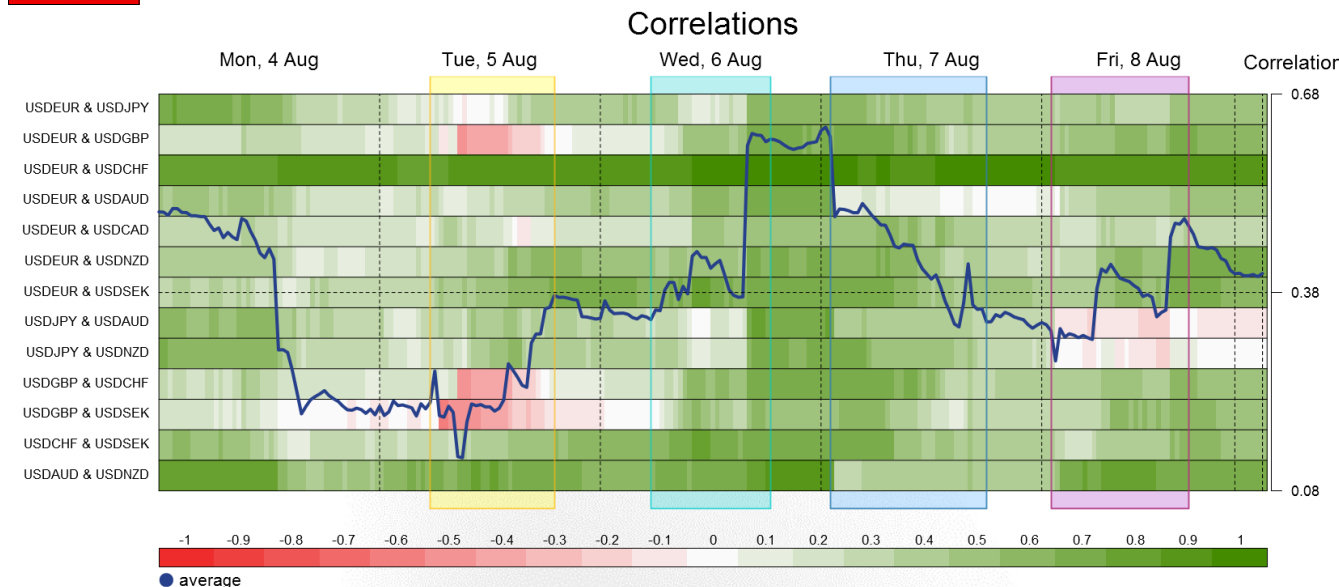
Market	USD	USDEUR	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK	
	40	37	42	56	29	46	22	24	12	43

Volatility Index (for the observed period)

	Market	USD	USDEUR	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
Max	2.12	2.5	3.45	5.41	2.91	3.29	5.45	3.86	1.98	2.29
Min	0.43	0.35	0.28	0.45	0.19	0.33	0.27	0.26	0.29	0.23
Average	0.93	0.92	1.01	1.29	0.86	1.06	0.92	0.82	0.73	0.93



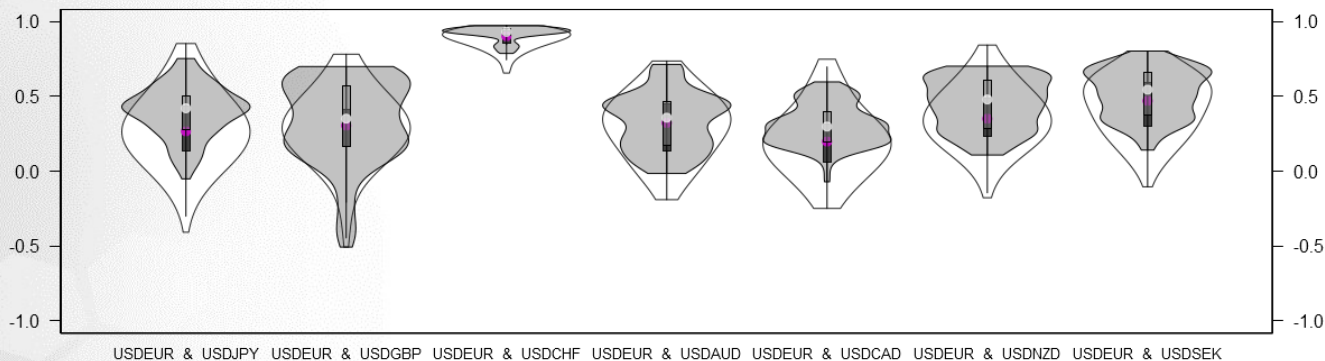
Currency Significance



During the past week USD significance measure was quite volatile as its index fluctuated between 0.13 and 0.63 marks. Nevertheless, the composite ended the period just above 0.4 mark. Looking on a smaller scale, individual correlations of the period were mostly within their long-term limits, with the exception of USD/EUR and USD/JPY correlation, which was somewhat elevated from its usual 0.2-0.3 level to 0.4. Correlations between the pairs including the Greenback were mostly positive with a few exceptions around news releases when negative correlations could be observed.

The week started in absence of important news and the Greenback's significance measure fell down to 0.19 mark. On the following day Euro zone and UK PMIs made U.S. dollar lose its importance even more and the gauge fell to a period's low 0.13. Later in the afternoon the news on U.S economy, such as Factory orders and ISM Non-Manufacturing index, turned the tide and made USD to regain its significance for the first time. Upwards trend continued until August 6, when the fall of the U.S. dollar has caused the increase of the composite and it has reached the best period value of 0.63. The peak was not long lived, and after Australia unemployment data release the USD significance measure started to fall. In the end of the week the composite was fluctuating around the 0.38 mark, having some ups-and-downs in the time of the Canada Unemployment Rate and U.S. Wholesale Inventories releases.

Correlations (5 vs 20 days)

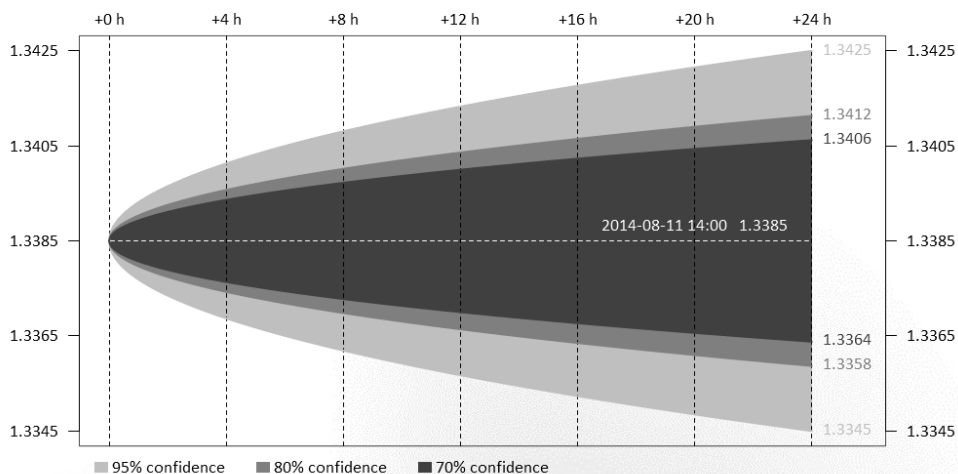


Mean Correlation Coefficient (with USDEUR)

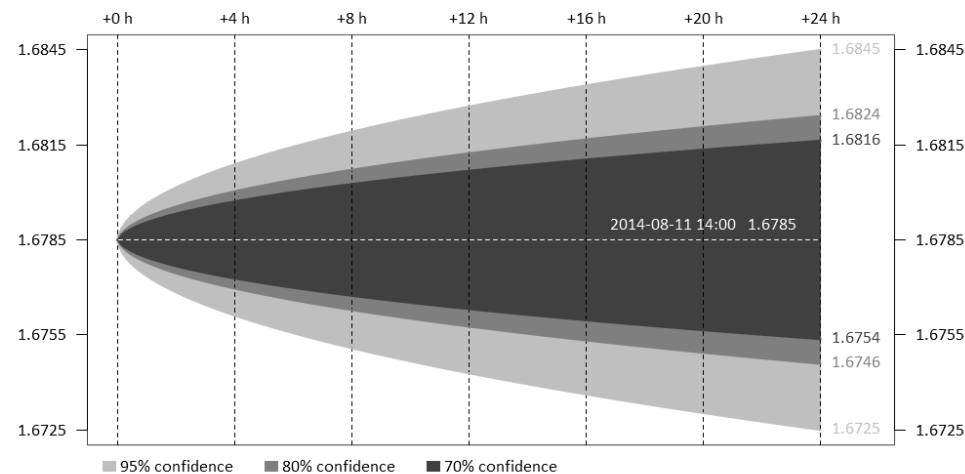
Days	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.4	0.33	0.92	0.33	0.31	0.45	0.52
20	0.29	0.29	0.89	0.3	0.2	0.36	0.44
130	0.19	0.4	0.86	0.26	0.17	0.32	0.57
250	0.23	0.45	0.85	0.29	0.21	0.32	0.58

Confidence Intervals for Next 24 Hours

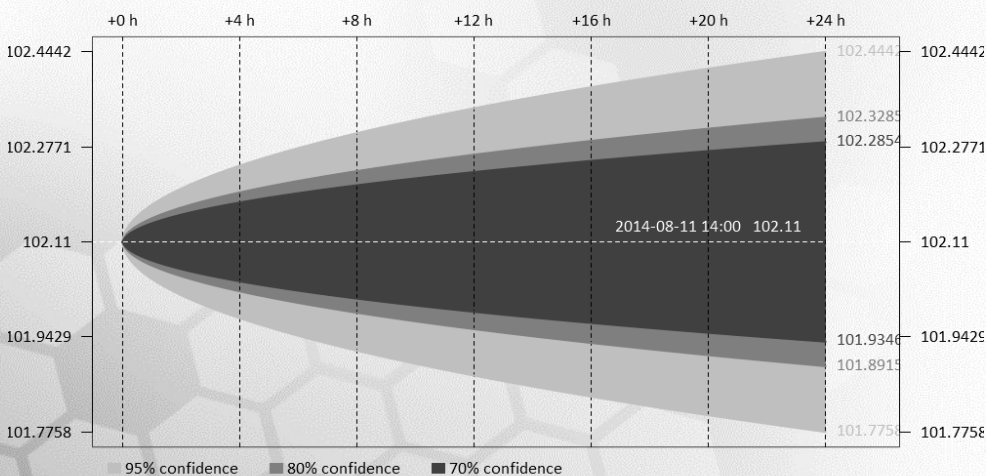
EURUSD Potential Rates



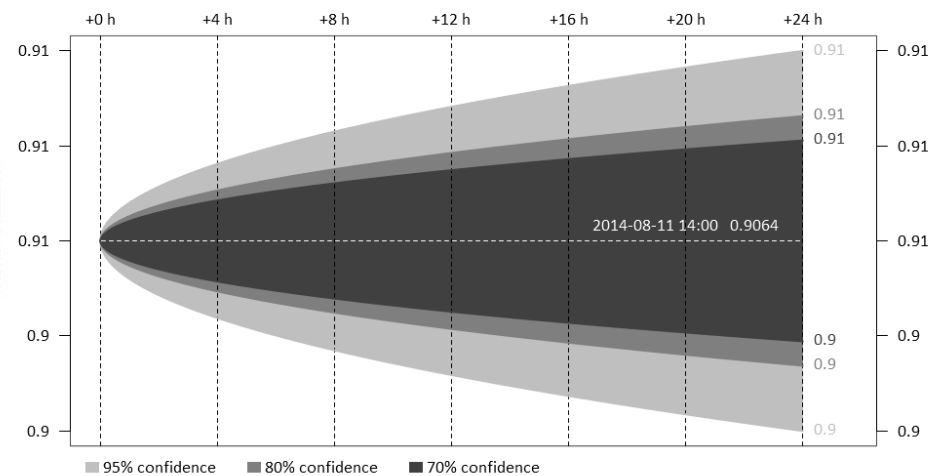
GBPUSD Potential Rates



USDJPY Potential Rates



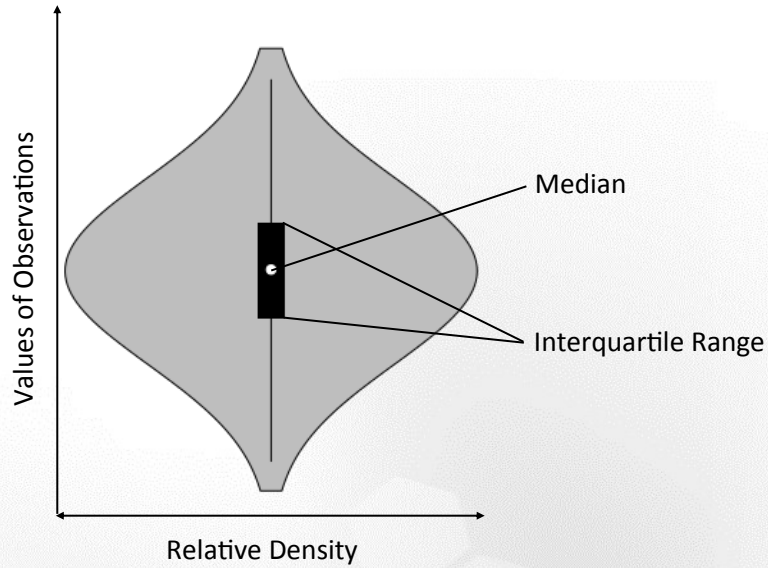
USDCHF Potential Rates



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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