



**USD**

14/09/2015



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# Dominant Events of the Period

## Yellow Area

September 9

08:30 - 21:30

- UK Industrial Production, Manufacturing Production, Trade Balance
- Canadian Housing Starts
- RBNZ Interest Rate Decision, Monetary Policy Statement

## Turquoise Area

September 10

01:00 - 16:30

- Australian Consumer Inflation Expectation, Unemployment Rate
- Chinese CPI, PPI
- BoE Minutes, MPC Vote
- US Jobless Claims

## Blue Area

September 11

07:00 - 16:00

- Swedish GDP, Unemployment Rate
- UK Consumer Inflation Expectations
- US PPI, UoM Consumer Sentiment Index
- EcoFin Meeting

USD Currency Index Change

0.23%

-0.42%

-0.19%

Max USD Volatility Index

1.5

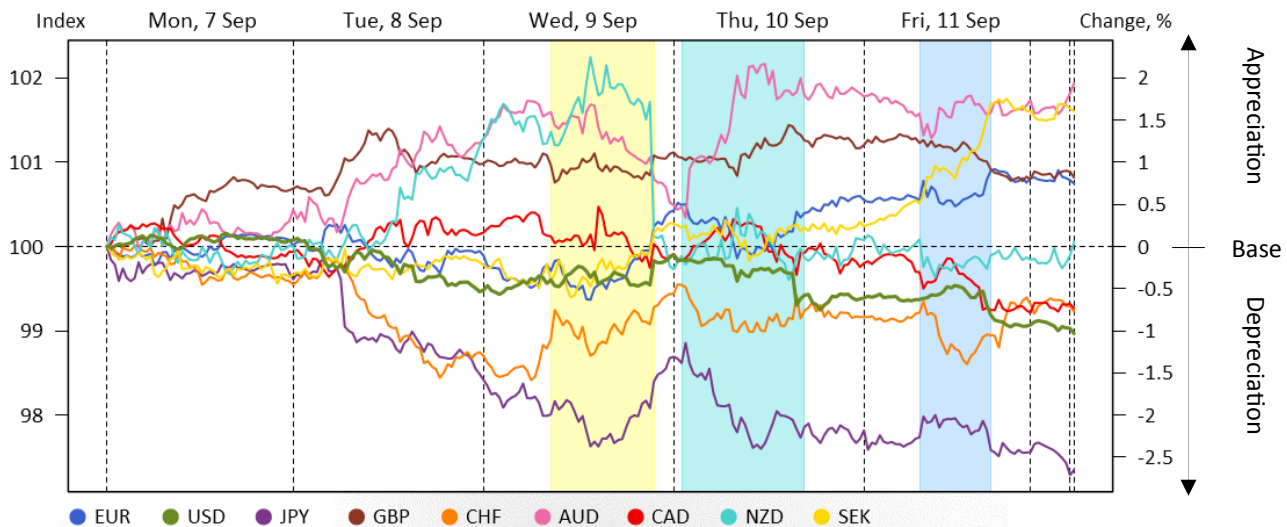
1.33

1.08



# Relative Currency Strength

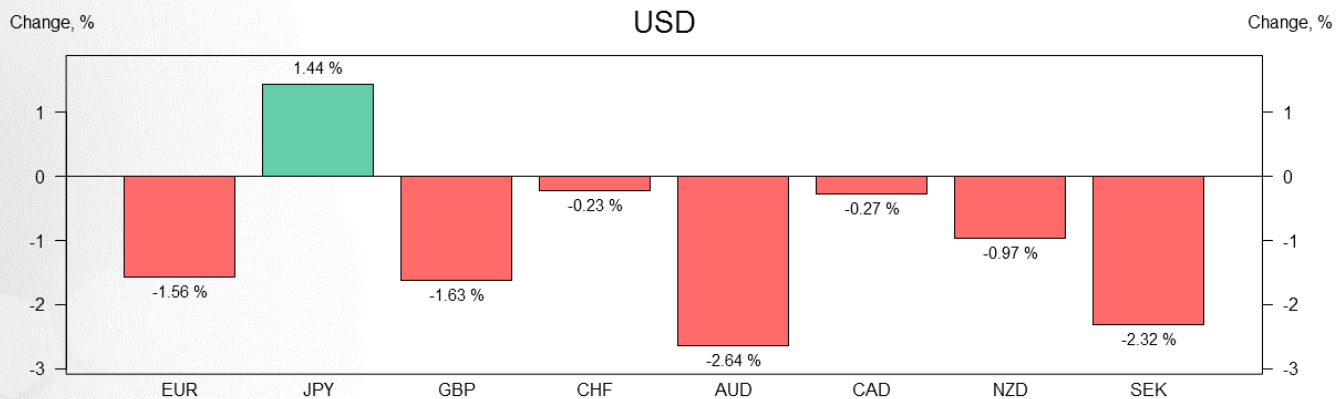
## Currency Indexes



Tables have turned for the winners and the losers of the previous weeks, and the main trends that reigned over the market since the Chinese “Black Monday” switched their directions. The most dramatic change happened to the yen, as its index - the best performer of the two previous weeks, - slipped on Tuesday after the release of disappointing Japanese Eco Watchers survey, and continued to decline till the end of the period. The Pacific currencies, in turn, showed the trend of a rapid growth, with the Aussie becoming the leader of the observed period. The Kiwi was following its Australian counterpart and even outpaced it on Wednesday, but fell sharply after

the RBNZ announced a cut of the interest rate, and finished the period on the baseline.

For the USD Index, which did not show outstanding results in the previous weeks, but still held above the baseline, the past period was also not successful. The index slipped below the baseline on Tuesday, when the unexpectedly high Chinese trade balance came out, and stayed in the negative area for the rest of the week. The measure made an attempt to recover on Wednesday, gaining almost 0.4 points against the background of the RBNZ news, but went back into the downtrend the next day, ultimately showing the second worst result (-1.03%).



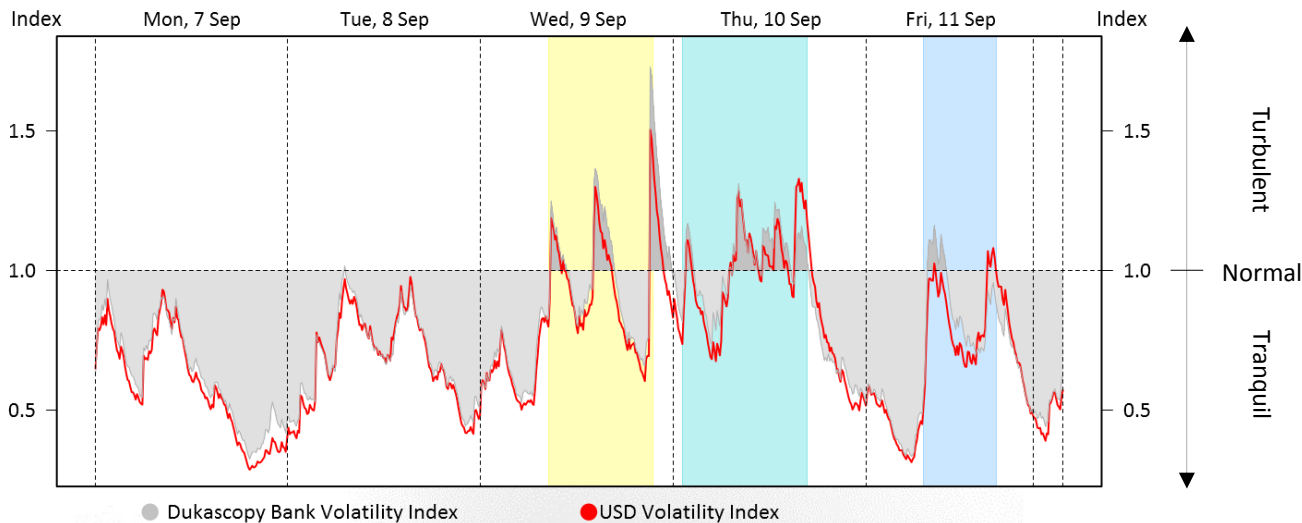
### Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.75%	-1.03%	-2.65%	0.82%	-0.77%	1.94%	-0.73%	0.06%	1.61%
20	2.58%	-0.07%	3.46%	-1.43%	0.72%	-4.36%	-1.13%	-4.17%	4.03%
130	8.95%	0.41%	1.05%	5.48%	4.41%	-7.71%	-3.57%	-15.44%	7.15%
250	-0.67%	14.37%	1.1%	8.52%	10.13%	-12.32%	-5.65%	-13.96%	-1.5%



# Volatility

## Volatility



Volatility continued to pull back from the extreme levels it surged to during August 24-28, cutting both the overturbulence portions and average indexes' values. The Greenback was in line with the market in this respect, with only NZD/USD and GBP/USD breaking the pattern and showing increases in the readings. Additionally, NZD/USD posted the highest volatility index among the dollar's pairs, soaring over the five point mark as the Kiwi plunged on Wednesday. Meanwhile, EUR/USD and USD/JPY were the calmest major pairs and were overturbulent for less than 10% of time.

Volatility-wise, the period's most notable moment was September 9, when turbulence spiked thrice amid the otherwise perfectly tranquil day. The first spike took place in the morning and was the result of volatility splash in almost all observed currencies, while the other two were products of the Loonie's and the Kiwi's sharp reactions to their respective policy makers' statements. For the Greenback's gauge, the only outstanding event was the dollar's dip against the background of mixed releases on Thursday, when the USD Volatility Index jumped to stand 0.2 points above the market's measure.

### Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
16	13	7	5	32	15	18	16	23	12

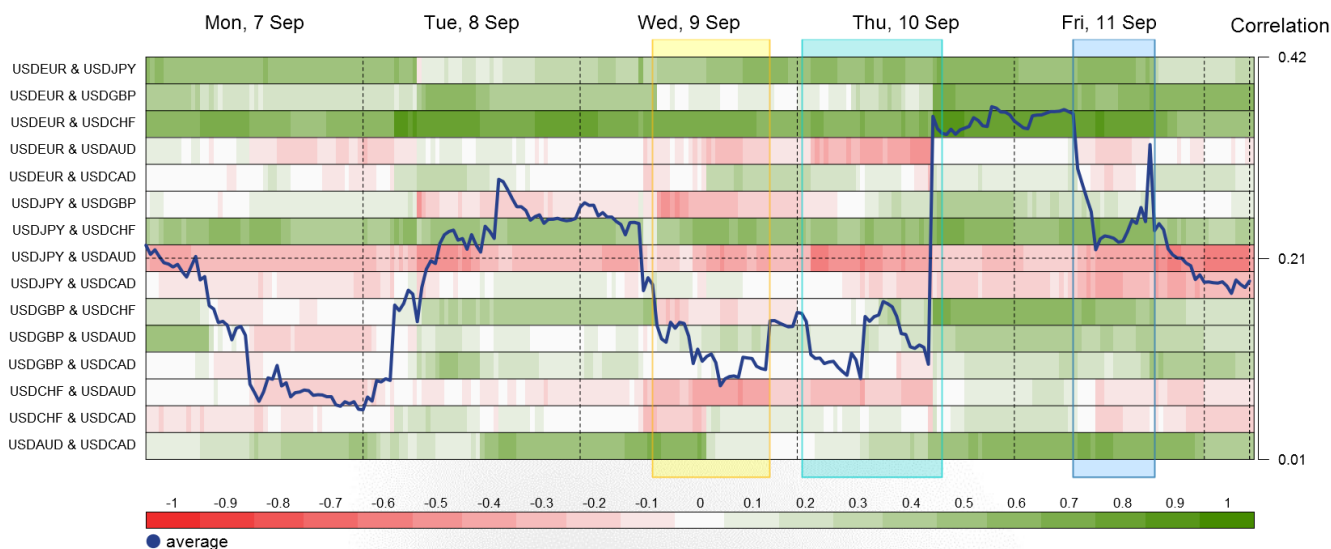
### Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.73	1.5	1.67	1.52	3.22	1.92	2.01	4.21	5.38	1.94
Min	0.33	0.29	0.19	0.09	0.27	0.2	0.24	0.15	0.33	0.25
Average	0.76	0.73	0.64	0.58	0.85	0.73	0.76	0.73	0.87	0.69



# Currency Significance

## Correlations

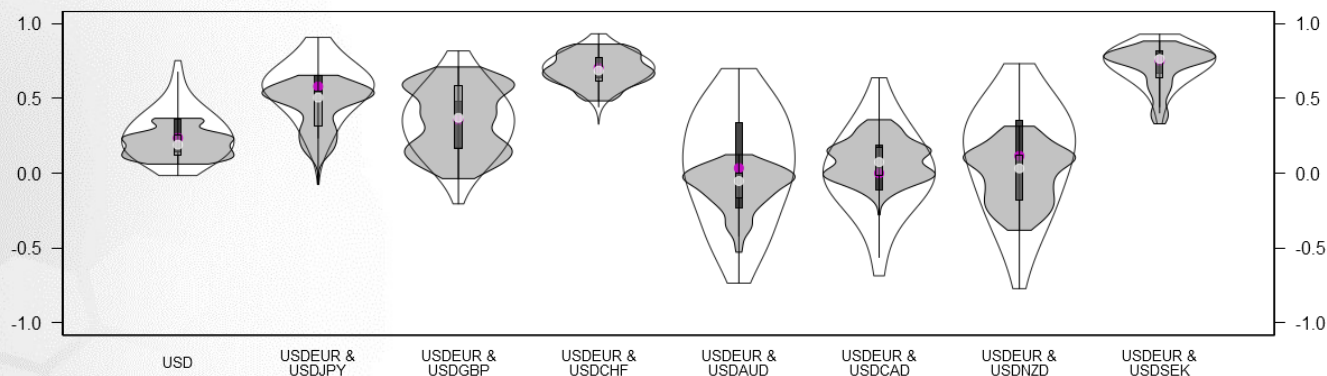


The dollar's correlation composite remained the weakest among the observed gauges for the third week in a row, with more and more whites creeping into the main components. The Greenback's significance measure took a hit in the Chinese "Black Monday" week and was subdued since then, going as far as letting its 20-day average slip below the significance threshold in the past period. The chief driving force behind the decline were the commodity currencies, which brought a lot of negative values into the usually green dollar's correlations. Thus, USD/EUR average bond

measures with USD/AUD, USD/CAD, and USD/NZD fell to zero for both 5 and 20-day horizons after close to 0.5 in the "pre-China" weeks.

The USD composite spent the period below the significance threshold of 0.3 points, signaling asynchrony in the dollar's movements across the market. The only two surges above the reference level took place in Thursday and Friday afternoons, when the Greenback suffered sharp losses against its peers, causing its correlations to strengthen and shifting some of the components out of the negative territory. The new week, however, started with the USD composite on its period average level of 0.2.

## Correlations (5 vs 20 days)

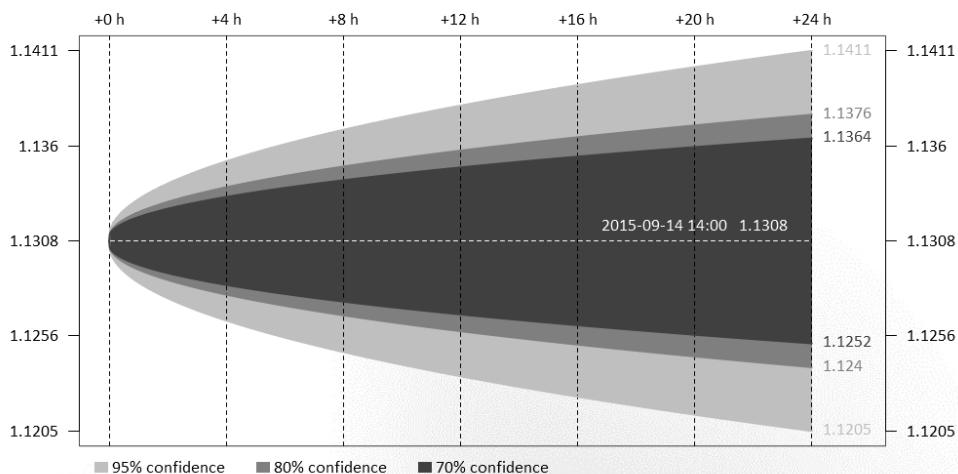


## Mean Correlation Coefficient (with USDEUR)

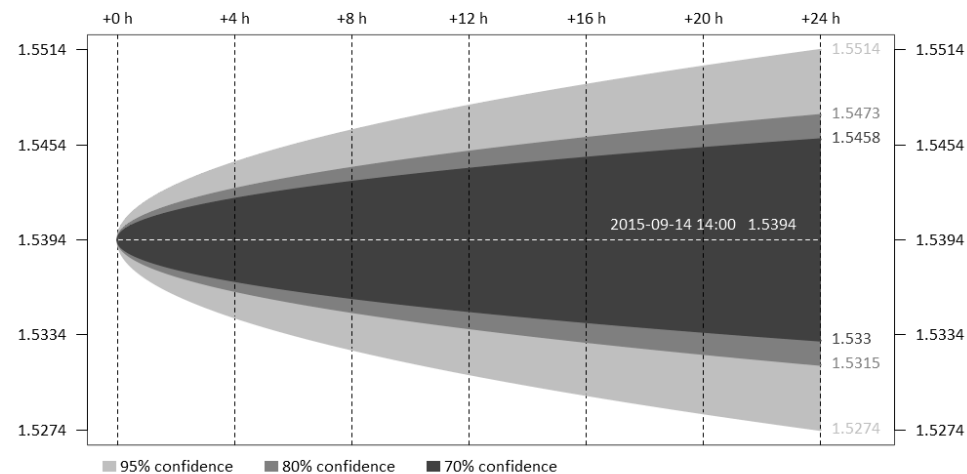
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.2	0.44	0.35	0.69	-0.1	0.08	-0.01	0.71
20	0.26	0.56	0.34	0.7	0.04	0.02	0.09	0.73
130	0.49	0.48	0.56	0.74	0.49	0.45	0.49	0.78
250	0.48	0.45	0.57	0.74	0.5	0.43	0.51	0.72

# Confidence Intervals for Next 24 Hours

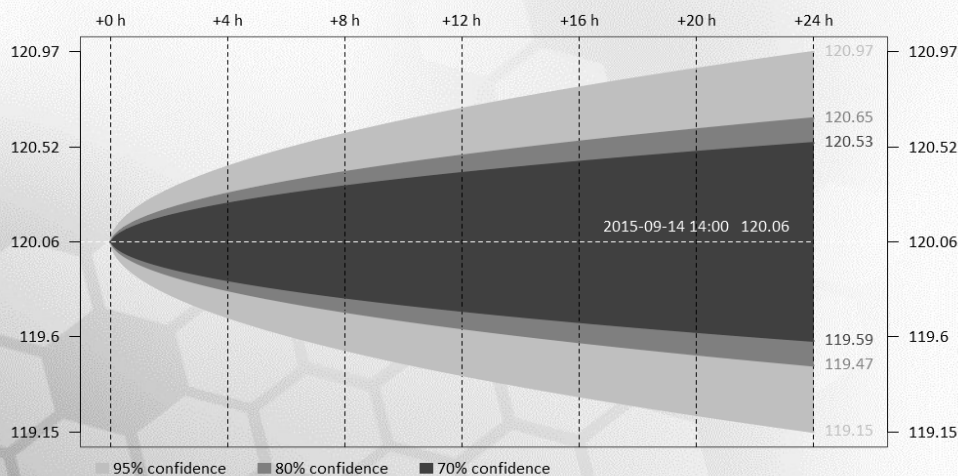
EURUSD Potential Rates



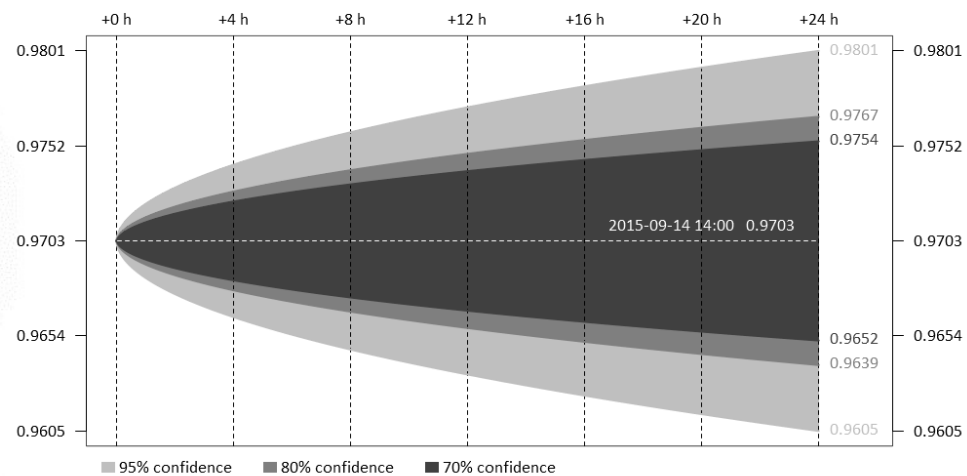
GBPUSD Potential Rates



USDJPY Potential Rates



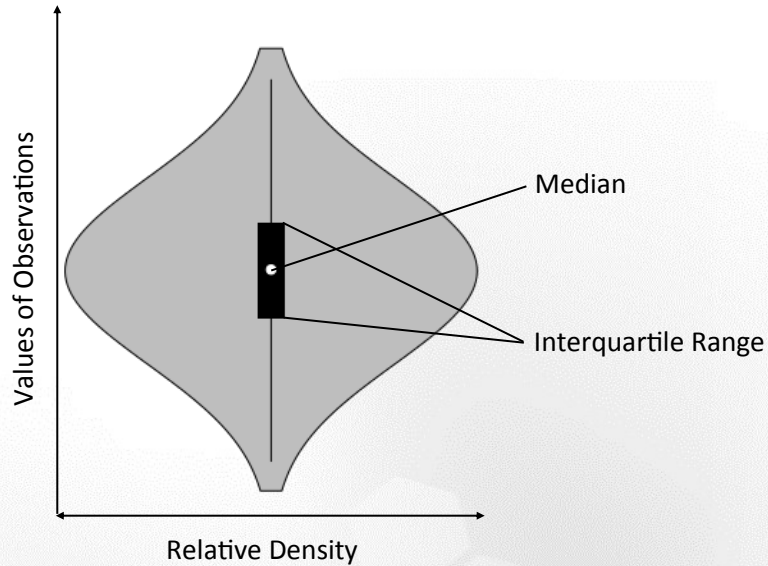
USDCHF Potential Rates



## 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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