



23/09/2015



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

September 16

12:00 - 16:00

- Canadian Manufacturing Sales
- US CPI
- UK Claimant Count Change and Unemployment Rate
- Bank of England Inflation Report Hearings

Turquoise Area

September 17

17:30 - 21:30

- SNB Libor Rate
- UK Retail Sales
- US Building Permits and Housing Starts
- Federal Funds Rate and FOMC Statement
- FOMC Press Conference

Blue Area

September 18

07:00 - 16:00

- Canadian CPI

Purple Area

September 21

12:00 - 13:00

- Bank of Canada Governor Poloz Speaks

CAD Currency Index Change

0.05%	-0.41%	-0.13%	-0.14%
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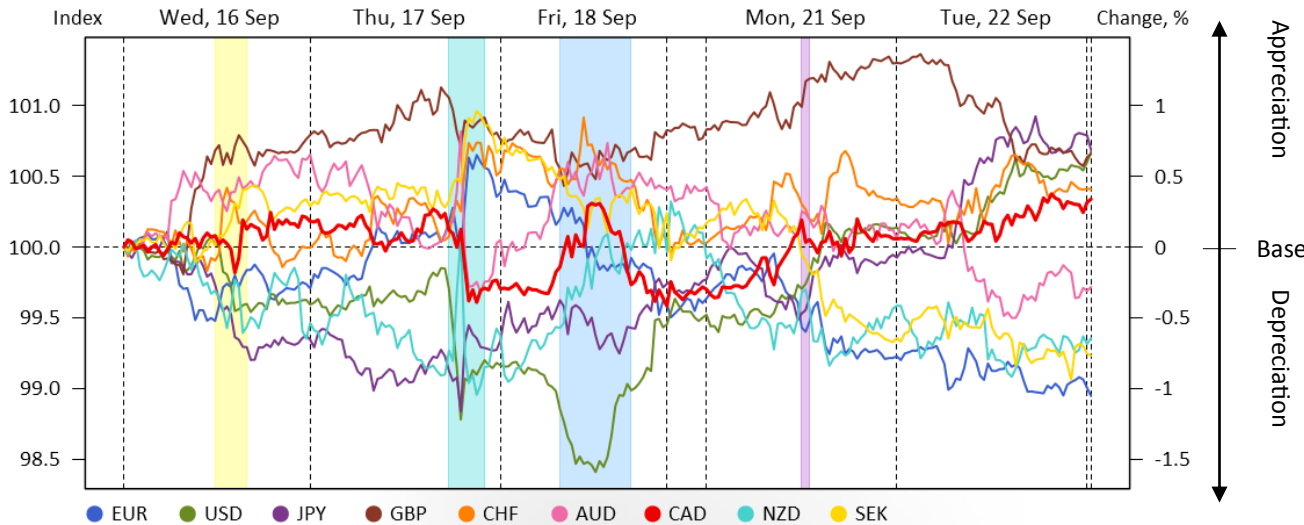
Max CAD Volatility Index

1.38	2	1.51	1.21
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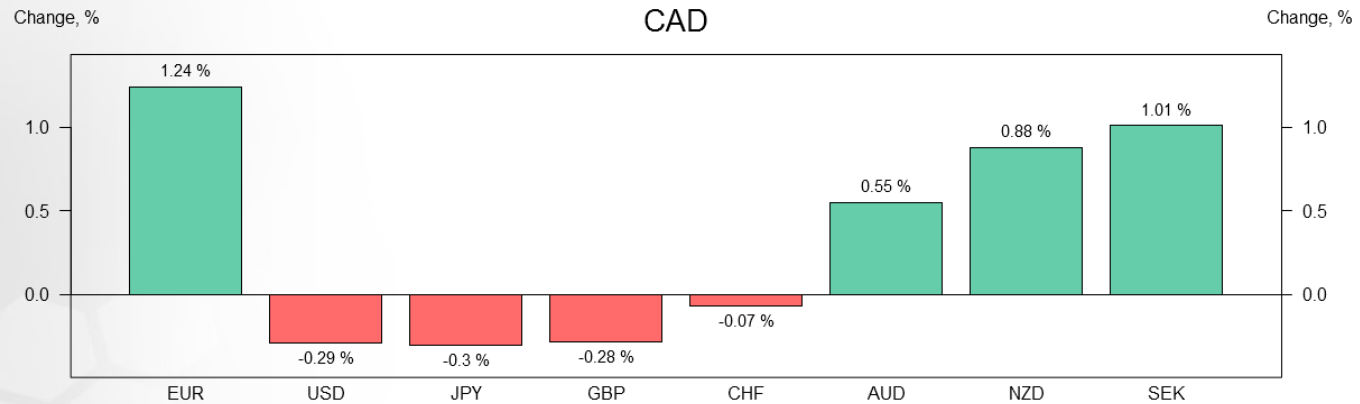
Relative Currency Strength

Currency Indexes



Somewhat mixed performance was showed by the Canadian currency last week. Nevertheless, after trading in a volatile environment around the base line throughout the whole time period, it managed to end the week with a gain of 0.34%. Among other reported currencies, only the Euro's change exceeded 1% level for the five-day period ended Tuesday of this week as it dropped by 1.05% amid expectations the ECB will be forced to expand the QE programme, if inflation fails to rebound. Safe-haven currencies continued to outperform as risk-averse sentiment returned back to markets. Thus, the Yen and Franc were up 0.69% and 0.41%, respectively.

The growth of Canadian manufacturing sales helped the CAD Index to stabilise above zero per cent threshold on Wednesday as they advanced ahead of estimates by 1.7% in July on a monthly basis, while economists foresaw a 1.1% rise. Despite all, the Loonie slumped along with the US Dollar on Thursday, after the Federal Reserve's decision to keep interest rates unchanged. An early Friday revival was invalidated after CPI data release, which revealed no signs of inflation's pick up in August. Nonetheless, positive changes in oil prices provided the CAD Index with positive momentum on Monday and Tuesday, which pushed the commodity-linked currency into the green territory by Tuesday evening.



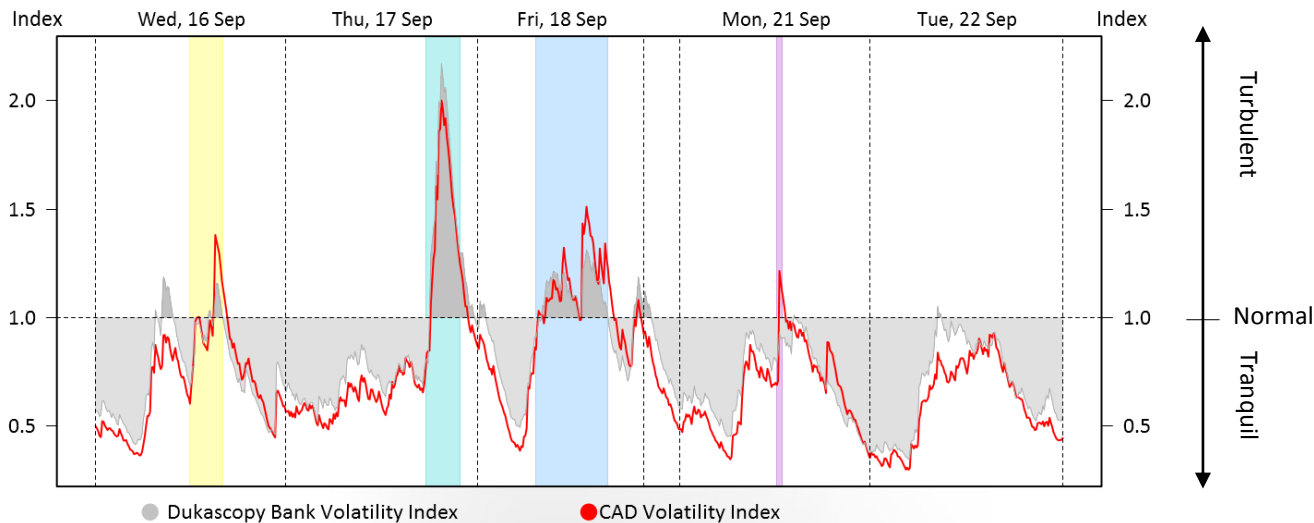
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.05%	0.67%	0.69%	0.66%	0.41%	-0.28%	0.34%	-0.65%	-0.77%
20	-2.01%	1.54%	1.08%	-0.61%	-2%	0.97%	1.95%	-2.12%	1.42%
130	6.53%	3.33%	2.72%	7.38%	2.08%	-7.85%	-3.33%	-16.8%	6.79%
250	-1.67%	14.71%	3.39%	7.46%	10.47%	-10.82%	-6.05%	-13.92%	-3.54%



Volatility

Volatility



Rich with news releases, the first three days of the period were rather turbulent for the market. In spite of that, the majority of currency pairs used to have a low percent of elevated volatility. Indeed, only USD/CAD Volatility Index spent 24% of the time above the historical level, the longest among all crosses. On the contrary, lack of statistics from Australia sent AUD/CAD's reading to just 10%. All in all, the CAD elevated volatility stood at just 14%, below the market's 18% and significantly down from 60%+ showed by this currency exactly a month before.

The first climb of the CAD volatility occurred in Wednesday's afternoon, the Loonie volatility index surged to the 1.38 level—the third highest period's value. Thursday was in turn increasingly turbulent for both the market and CAD. The Fed's dovish interest rate decision gave major impetus to a number of different currencies including CAD, USD and AUD and the Loonie's turbulence reading skyrocketed to 2 points. Friday's change was marked by important Canadian CPI data. The last two days of the period were especially tranquil with the only peak of the CAD volatility on Monday, when the Volatility Index reached the 1.21 level.

Elevated Volatility (% of the observed period)

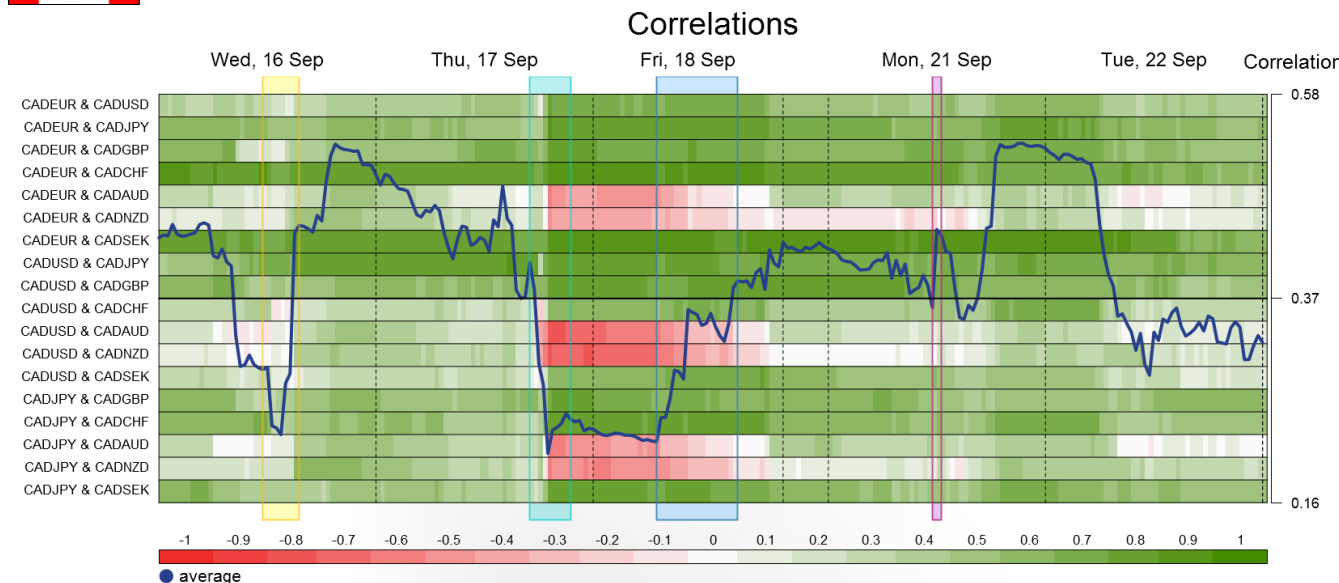
Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
18	14	13	24	12	23	22	10	14	12

Volatility Index (for the observed period)

	Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
Max	2.17	2	1.87	2.92	2.16	2.04	1.9	2.14	2.53	1.68
Min	0.35	0.3	0.22	0.16	0.19	0.23	0.22	0.32	0.32	0.23
Average	0.79	0.74	0.69	0.79	0.69	0.78	0.76	0.74	0.79	0.69



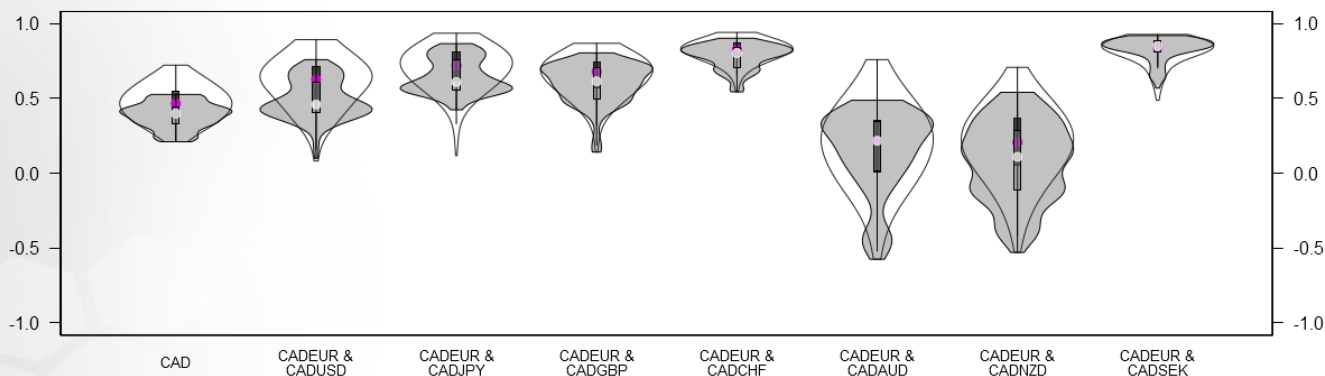
Currency Significance



The past week can not be divided into any distinct parts with weak and strong correlations between the Loonie's crosses. The average correlation, which measures currency's strength, was fluctuating around its historical level during the whole period from Wednesday till Tuesday. However, such instability can be easily explained by a high number of different fundamental releases in course of the reported period. The most dramatic change was posted on Thursday in time of the Fed decision. Then, the US Dollar fell substantially versus the Aussie and Kiwi, thus pushing their correlations against the market and eventually creating longer tails for these components.

The first confident sign of importance of the Canadian Dollar was seen on Wednesday, when an increase in total value of sales made by the country's producers jumped at the highest pace in four months in July. Meanwhile, it was the time the composite hit its weekly high of 0.53 points. The same scenario with similar numbers was repeated on Monday, September 21. Currency pairs of the Canadian Dollar were united in response to the speech of the Bank of Canada Governor Stephen Poloz. On the other hand, the composite's weekly low was reached back on Thursday when several components, which included AUD and NZD, were sent deeply into red territory. Healthy gains for the Aussie and Kiwi were in place after the Fed refused to hike rates for a 55th meeting in a row.

Correlations (5 vs 20 days)



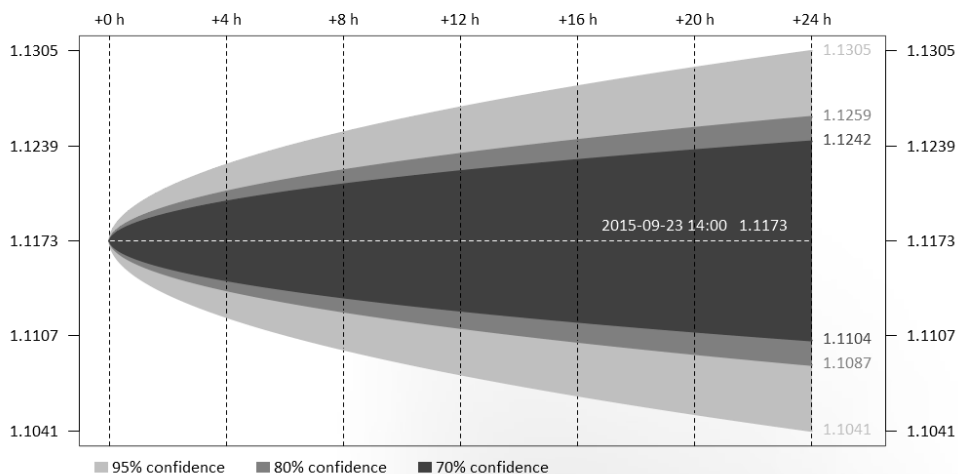
Mean Correlation Coefficient (with CADEUR)

Days	CAD	CADUSD	CADJPY	CADGBP	CADCHF	CADAUD	CADNZD	CADSEK
5	0.39	0.49	0.65	0.6	0.78	0.14	0.07	0.83
20	0.46	0.61	0.7	0.65	0.82	0.19	0.19	0.82
130	0.42	0.32	0.45	0.53	0.72	0.34	0.35	0.76
250	0.43	0.36	0.48	0.58	0.74	0.38	0.4	0.71

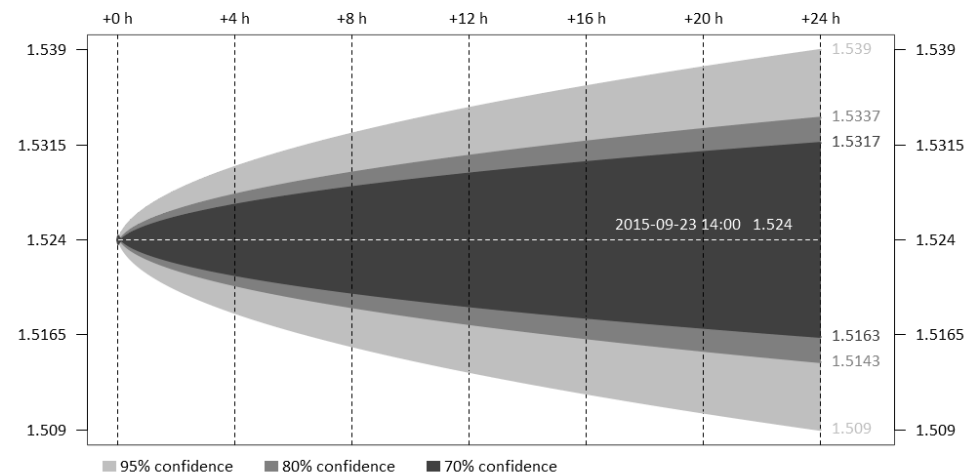
Confidence Intervals for Next 24 Hours

Wednesday, September 23, 2015
15:30 GMT

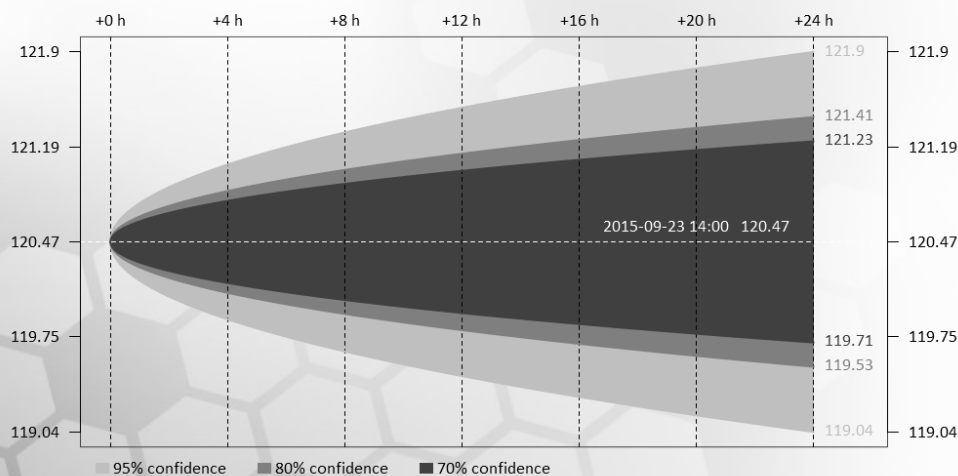
EURUSD Potential Rates



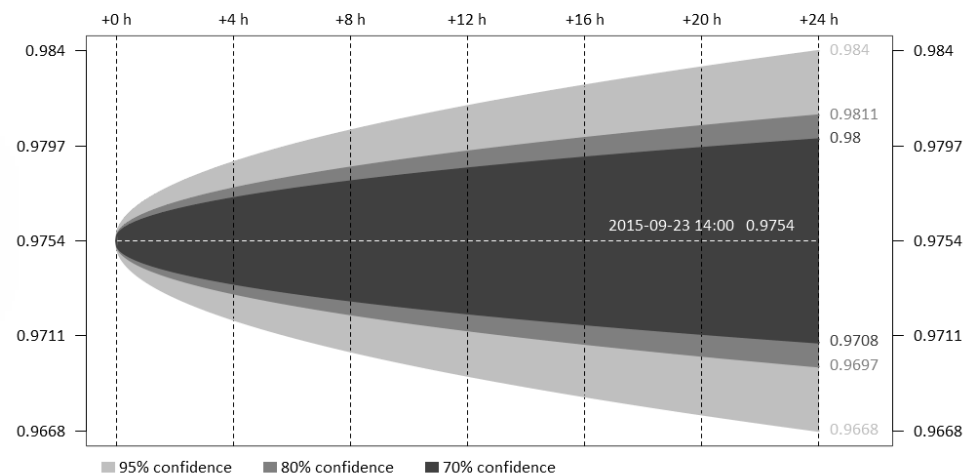
GBPUSD Potential Rates



USDJPY Potential Rates



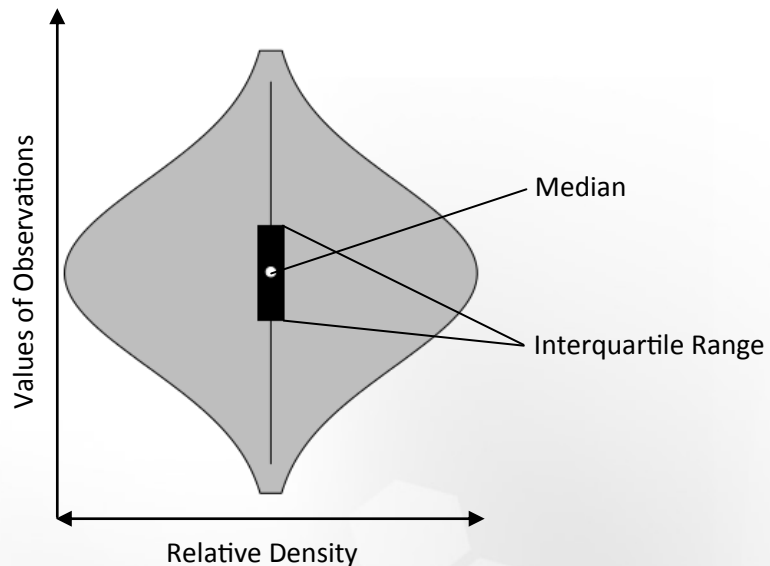
USDCHF Potential Rates



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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