



USD

05/10/2015



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RESEARCH PRODUCTS



Market Research



Monday, October 05, 2015
14:30 GMT

Dominant Events of the Period

Yellow Area

September 28

07:30 - 15:30

- *Swedish Retail Sales, Trade Balance*
- *US Personal Income, Personal Spending, Personal Consumption Expenditures, Pending Home Sales*

Turquoise Area

September 29

07:00 - 15:00

- *UK Mortgage Approvals, Consumer Credit*
- *German Flash CPI, HICP*
- *US Consumer Confidence*

Blue Area

September 30

12:00 - 16:00

- *US ADP Employment Change, Chicago PMI*
- *Canadian GDP*

Purple Area

October 2

12:00 - 13:30

- *US Nonfarm Payrolls, Average Hourly Earnings, Weekly Hours, Unemployment Rate, Labor Force Participation Rate*

Currency Index Change

0.07%

-0.21%

0.01%

-0.58%

Max USD Volatility Index

1.49

1.72

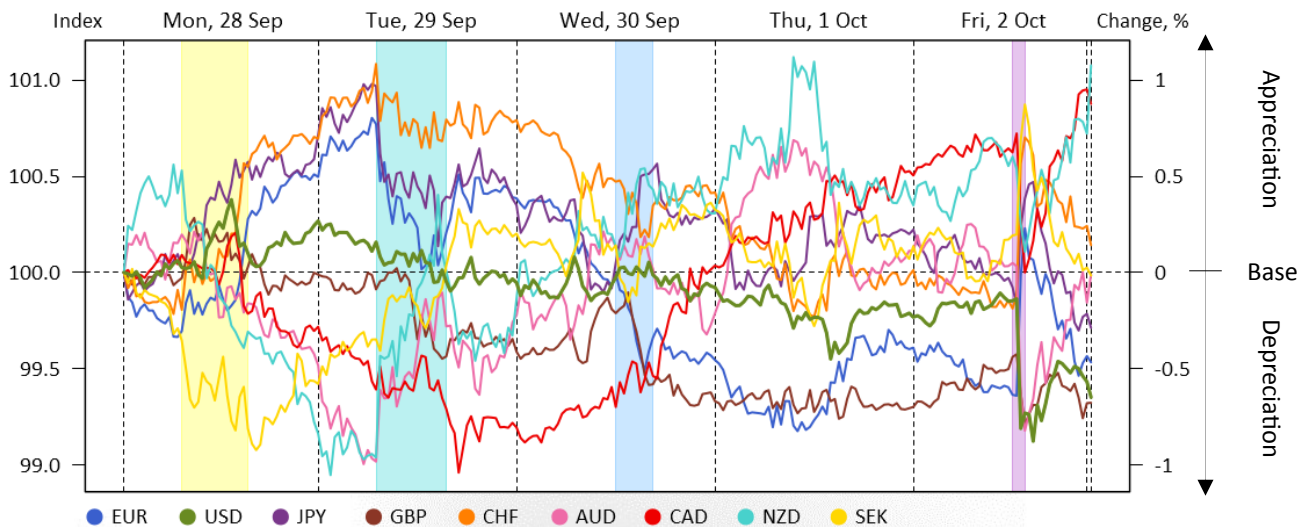
1.35

4.51



Relative Currency Strength

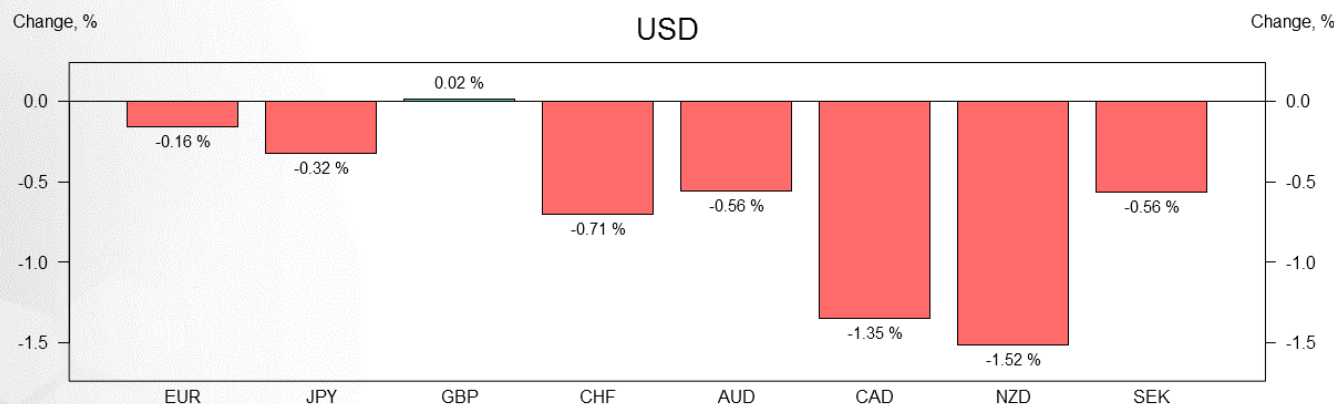
Currency Indexes



After a confident rise in the previous week, the Greenback began to lose ground and became the second worst performer of the period, overtaking only the pound. Among the losers were also the single currency and the yen, whose indexes lost 0.47% and 0.29%, respectively. The safe-haven currencies were oscillating throughout the period and finished the week in the negative area. The counterweights to them were the commodity currencies, the Kiwi and the Loonie, whose gauges became much more successful and finished the week with 1.08% and 0.88% gain, respectively. The fluctuations of the commodity prices were driving

the Aussie, too, but after the Friday's drop the AUD Index managed to recover only to 0.01 mark.

The USD Index reached the period's high on Monday, after the encouraging US core personal consumption expenditures and personal income data came out. However, afterwards the dollar was showing the downward trend till the end of the week. A notable drop of the index was observed on Thursday, when the unexpected decline of the US ISM PMI and prices paid managed the index to lose 0.2 points. Nevertheless, the main driver of the week for all observed currencies was the Friday's US news. Thus the unexpectedly low US nonfarm payrolls pushed the Greenback down, and the index lost 0.74 points.



Currency Index Change

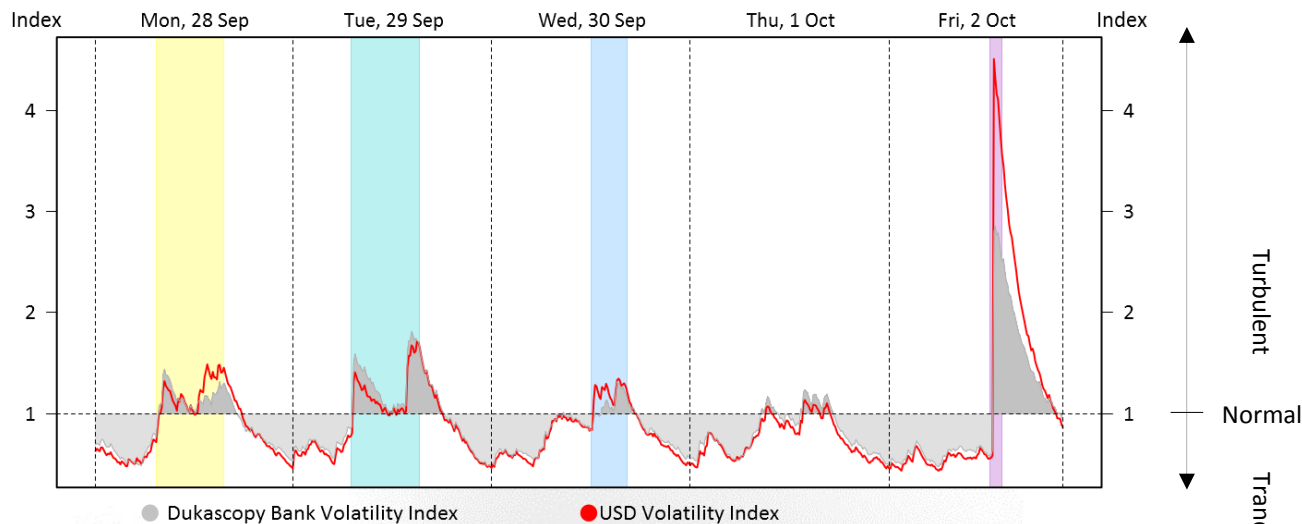
Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.47%	-0.65%	-0.29%	-0.68%	0.14%	-0.01%	0.88%	1.08%	-0.02%
20	-0.09%	-0.79%	-1.29%	-0.8%	-0.76%	1.31%	0.07%	2.91%	0.28%
130	6.89%	2.06%	2.71%	5.01%	1.46%	-6.96%	-3.53%	-13.62%	6.85%
250	-0.74%	12.57%	1.72%	6.33%	11.19%	-11.73%	-6.08%	-8.99%	-4.26%



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Volatility

Volatility



The market's volatility continued to pick up, with most of the observed overturbulence portions climbing above 30% and average index values scoring around 0.90. The most turbulent currency was the Swedish krona, whose gauge spent 42% of time above the two-week average and posted the mean value of 0.98. Behind it were the Euro and the franc, both with readings of 35% and 0.93. Meanwhile, the dollar stood among moderately turbulent currencies, but its index reached the period's highest peak of 4.51 with the currencies sharp reaction to Friday's labor data. The move was also passed to the Greenback's peers, making all other indexes jump to their week's highs.

The past week would have been another period of moderate volatility if it wasn't for the Friday's disappointing US nonfarm payrolls release, which pushed the aggregate turbulence measure up to 2.85 points and kept it above the 1-point mark for the rest of the day. As the number came out notably below expectations and the previous reading suffered a negative revision, the dollar plunged against its counterparts, taking its volatility index above the 4.50 line from 0.58 points before the release. Among the dollar's pairs, the sharpest reactions came from EUR/USD and USD/JPY, whose turbulence measures jumped to 8.28 and 7.55 points, respectively.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
34	31	37	32	31	36	30	22	18	34

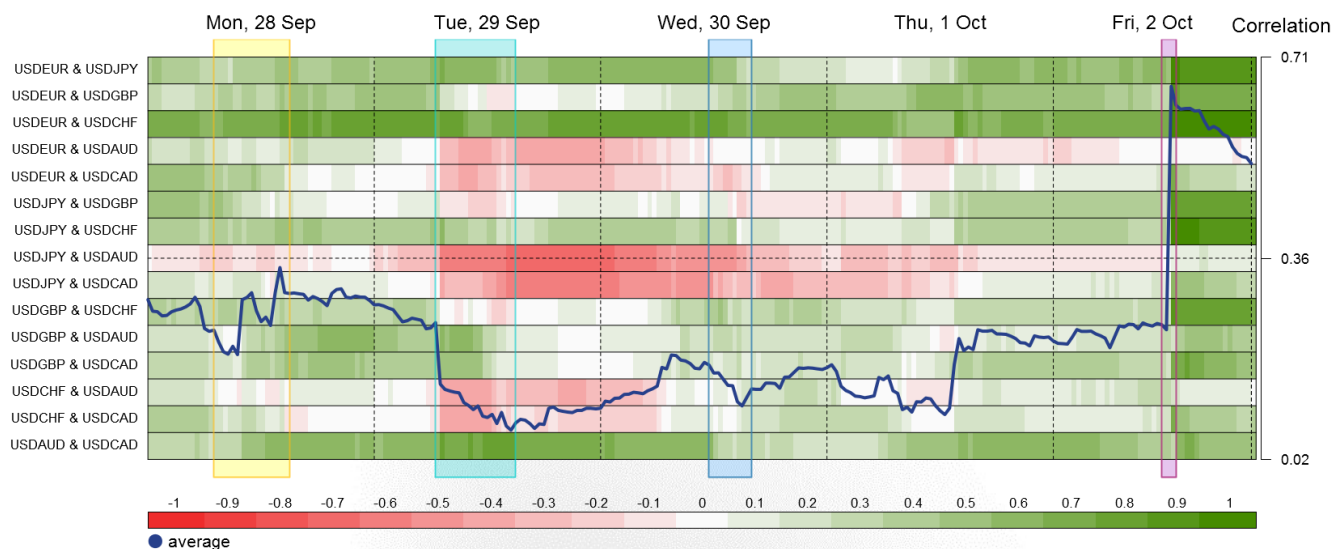
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.85	4.51	8.28	7.55	2.62	6.31	2.33	2.6	2.74	6.18
Min	0.47	0.43	0.26	0.34	0.2	0.22	0.36	0.22	0.34	0.29
Average	0.9	0.9	1.02	1.01	0.83	0.97	0.87	0.76	0.81	0.99



Currency Significance

Correlations

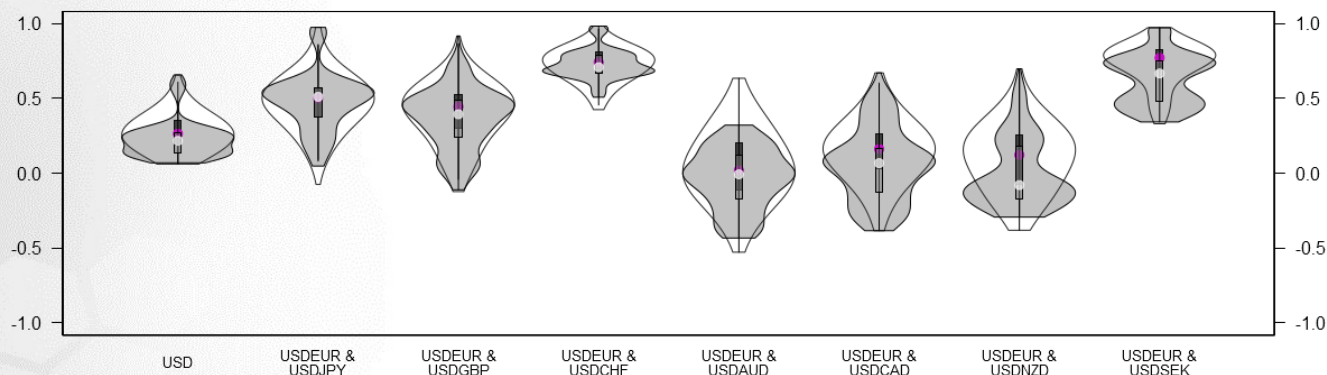


The past trading week was another period of weak correlations between the USD pairs, reflected clearly in low composite's values. The distributions of all the components with USD/EUR were notably skewed towards zero and the negative values. Moreover, considering the Monday to Thursday period, the average of the composite did not reach even the 0.2 level, while the Kiwi's and the Aussie's gauges were varying around the 0.72 and 0.58 levels, respectively, having the strongest bonds between their currency pairs.

The Greenback's composite started the week on

the second weakest position, but improved slightly after Core Personal Consumption Expenditures rose 1.3% year-on-year, surpassing previous estimates, and mixed personal income and spending data was released. However, the gauge dropped by the beginning of Tuesday's European trading session and met the week's low on 0.07 points level, as the Euro and the Pacific currencies became the main driving power on the market. The measure rose slightly on Thursday, when the US dollar dipped on the release of lower-than expected ISM manufacturing PMI. However, the most conspicuous surge of the composite took place on Friday. The gauge reached the high of 0.66 points just after the nonfarm payrolls were announced significantly below expectations.

Correlations (5 vs 20 days)



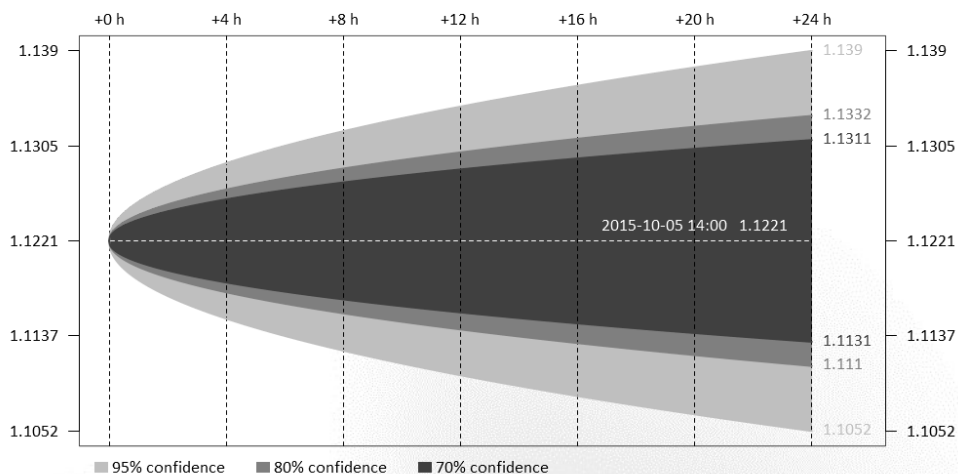
Mean Correlation Coefficient (with USDEUR)

Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.22	0.48	0.36	0.73	-0.04	0.05	0	0.62
20	0.27	0.47	0.4	0.73	0.05	0.15	0.1	0.73
130	0.45	0.48	0.53	0.74	0.42	0.4	0.42	0.77
250	0.46	0.45	0.56	0.73	0.47	0.41	0.48	0.72

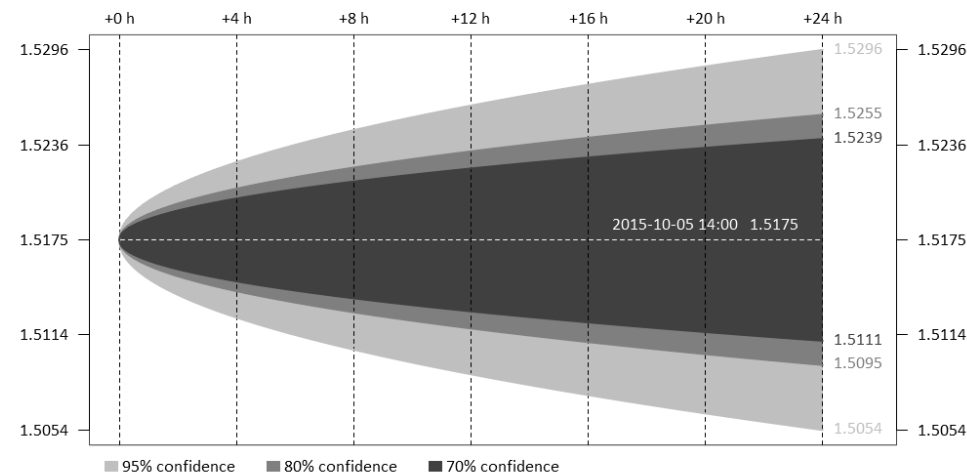
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Confidence Intervals for Next 24 Hours

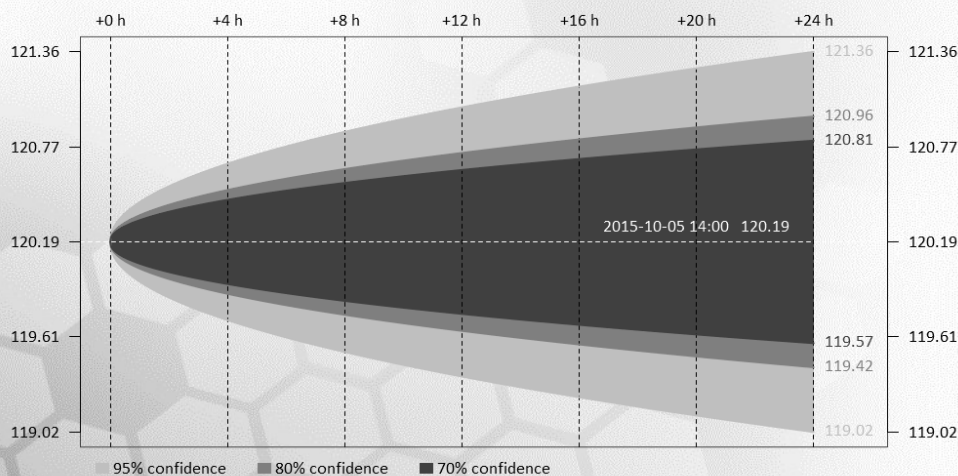
EURUSD Potential Rates



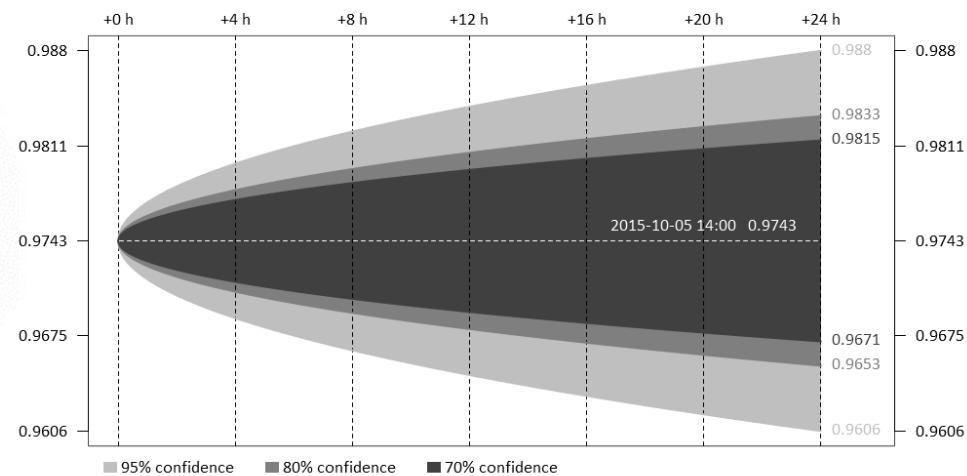
GBPUSD Potential Rates



USDJPY Potential Rates



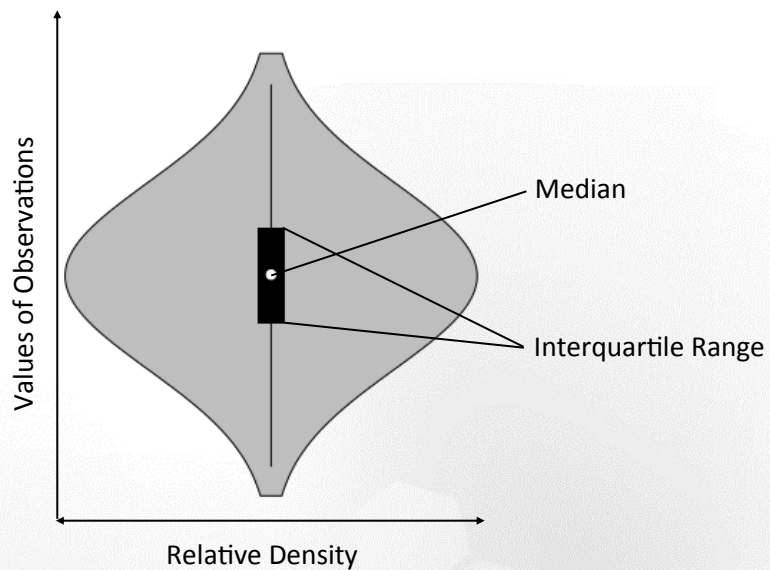
USDCHF Potential Rates



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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