



GBP

14/10/2015



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RESEARCH PRODUCTS



Market Research



Dominant Events of the Period

Yellow Area

October 7

07:00 - 17:30

- *ECB Non-Monetary Policy Meeting*
- *RBA Assist Gov Debelle Speech*
- *Canadian Building Permits*
- *UK Manufacturing, Industrial Production, NIESR GDP Estimate*

Turquoise Area

October 8

10:30 - 19:00

- *MPC Vote, BoE Minutes, Interest Rate Decision*
- *ECB Monetary Policy Meeting Accounts*
- *Canadian Housing Starts*
- *US Jobless Claims*
- *FOMC Minutes*
- *BoE Gov Speech*

Blue Area

October 9

07:30 - 15:30

- *UK Trade Balance*
- *IMF Meeting*
- *US Import, Export Price Index*
- *Canadian Unemployment Rate, Net Change in Employment*

Purple Area

October 13

01:30 - 15:30

- *Chinese Trade Balance*
- *Swedish CPI*
- *UK CPI, PPI*
- *German Wholesale Price Index, ZEW Survey*
- *Euro Zone ZEW Survey*

GBP Currency Index Change

0.47%

-0.16%

-0.63%

-0.6%

Max GBP Volatility Index

1.31

1.44

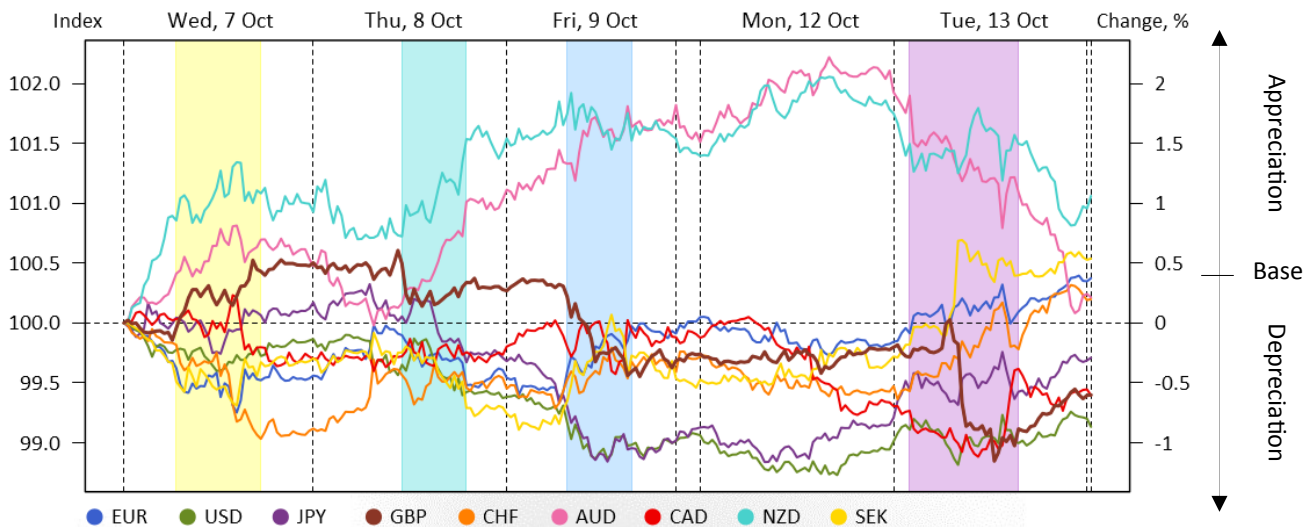
1.56

2.39



Relative Currency Strength

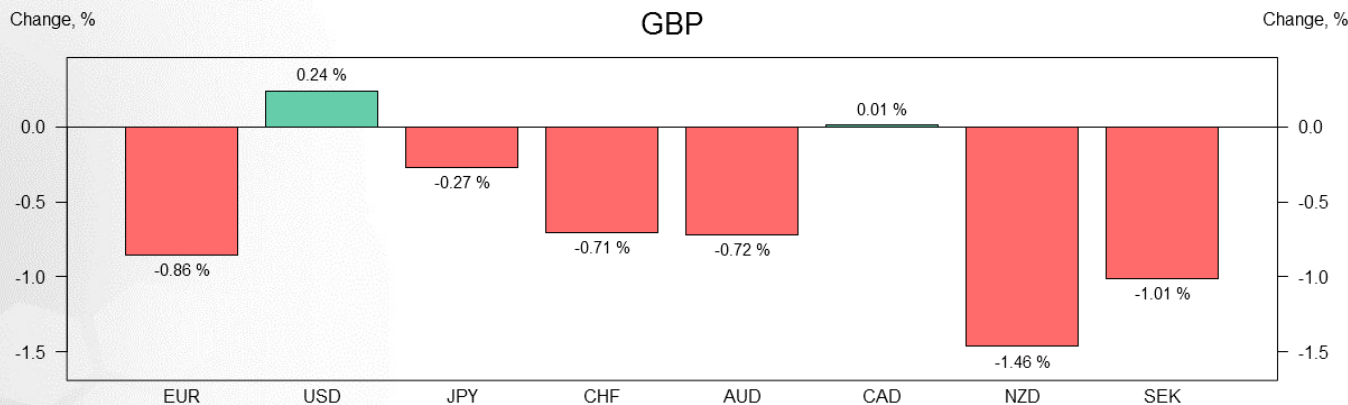
Currency Indexes



The new week brought distortion into the previous period's trends, turning some of the indexes around. The most dramatic change hit the Pacific gauges, which finished Friday way above their peers, but lost their footing in Monday afternoon, and tumbled throughout Tuesday after receiving a blow from the Chinese imports numbers. In the depreciation area, the previous week's losers started to pick up, with the USD and the JPY indexes edging to the baseline, and the Euro's and the franc's measures managing to cross above it. The Loonie's gauge, which seemed to be glued to the baseline in the previous week, broke loose and nearly posted an over 1% loss, but got

a boost from oil prices and rebounded sharply in Tuesday afternoon.

The pound's index went through the period in a stepwise decline, and ended up sharing the second-worst performer's position with the Loonie's gauge. Initially, the measure jumped above the baseline with strong industrial production data released on Wednesday, but erased the gains by the end of the week, undermined by downbeat tone of the BoE and disappointing trade deficit data. The new week brought no recovery and instead saw the GBP Index suffer its sharpest fall, as Tuesday's release showed the CPI contracted when it was expected to remain unchanged, pushing the pound to dive against its peers.



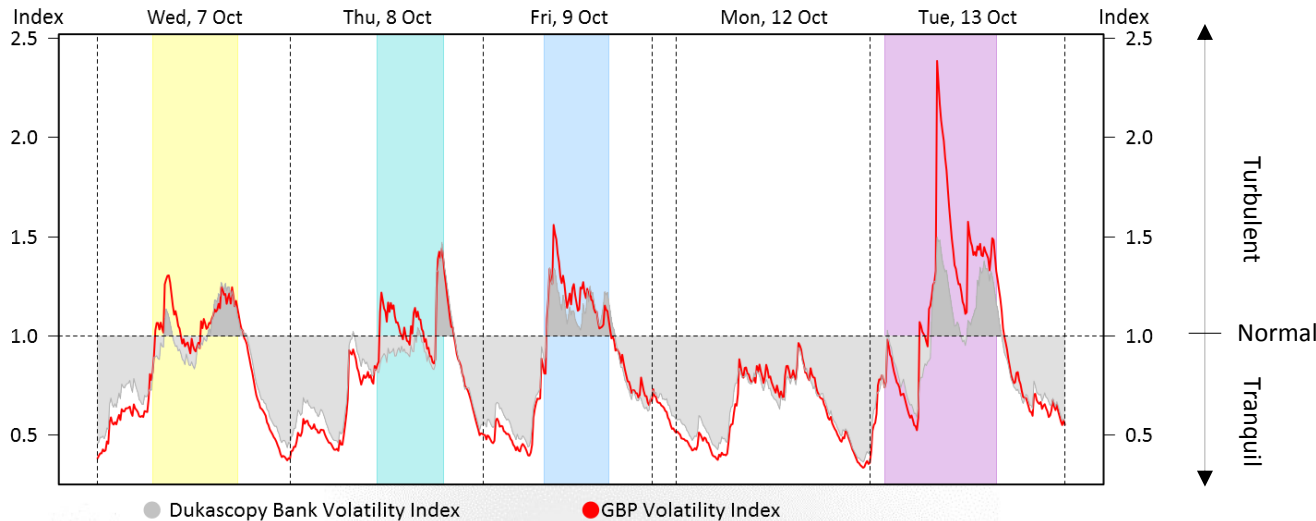
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	0.37%	-0.87%	-0.29%	-0.6%	0.2%	0.21%	-0.61%	1.06%	0.54%
20	-0.29%	-1.3%	-0.84%	-1.9%	0.29%	-0.46%	0.37%	4.05%	0.82%
130	9.11%	1.78%	1.35%	4.35%	1.58%	-6.77%	-5.34%	-12.94%	9%
250	-0.9%	11.47%	-0.98%	5.7%	10.59%	-10%	-5.33%	-7.3%	-3.23%



Volatility

Volatility



The past period was weakly volatile, and a large portion of turbulence came from Tuesday's movements. The day saw the period's highest volatility spikes, caused by the inflation data coming from Sweden and the UK. As the Swedish CPI posted unexpectedly strong numbers and the UK figures disappointed markets, the krona surged and the pound tumbled, both pushing their volatility indexes above the 2.3 points mark. The only other splashes above the 2.0 points level took place on Thursday, when the Kiwi surged and the dollar zigzagged amid the Pacific currencies' rally, lifting their volatility measures to the period's

highs. Meanwhile, the krona and the pound also proved to be the most volatile currencies in terms of overturbulence portion, as their gauges kept above their two-week averages for almost 30% of time.

Aside from the Tuesday's spikes, the pound's volatility index rose above the market's aggregate thrice during period, every splash highlighting the pound's sharp reaction to the UK data. Among those peaks, the highest gap between the two measures was caused by the BoE releases on Thursday, while the highest value was reached with the trade balance data announced on Friday.

Elevated Volatility (% of the observed period)

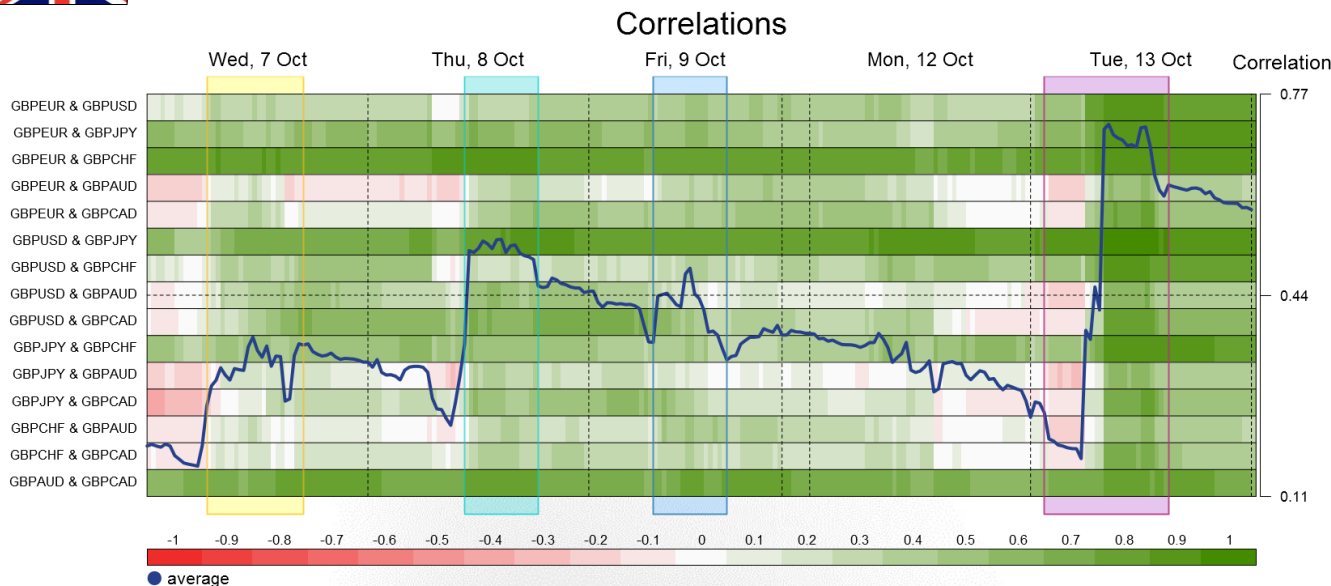
Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
21	28	27	32	17	28	21	38	34	32

Volatility Index (for the observed period)

	Market	GBP	EURGBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
Max	1.5	2.39	2.24	3.35	2.71	2.61	1.82	2.43	2.27	2.98
Min	0.36	0.33	0.26	0.21	0.25	0.21	0.29	0.29	0.3	0.25
Average	0.8	0.82	0.77	0.85	0.72	0.76	0.82	0.89	0.88	0.82



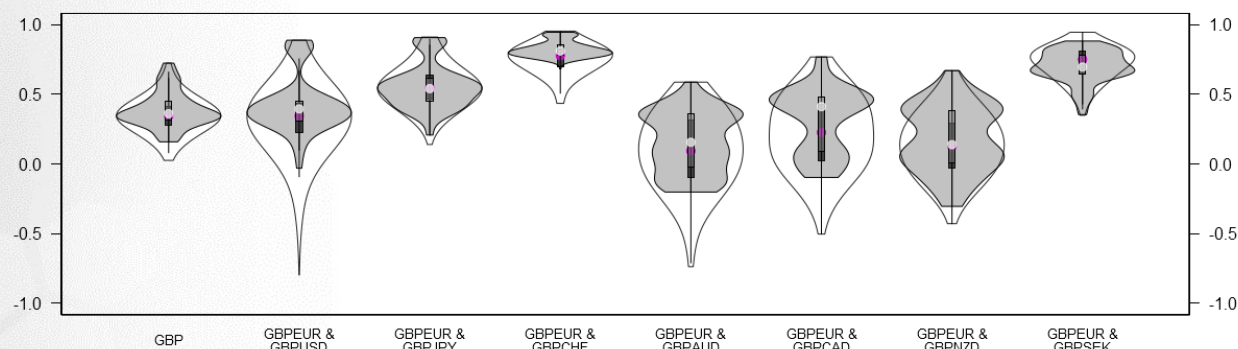
Currency Significance



The pound's correlation composite held around its long-term average throughout the period, and was among the three weakest gauges along with the Euro's and the dollar's measures. Nevertheless, there were some deviations from the usual in the GBP/EUR components, where the pair's average correlations with GBP/USD, GBP/JPY, and GBP/CHF stood well above their semi-annual and annual readings. The bonds with the Pacific crosses, in turn, were notably weakened, with a high portion of near-zero correlations compared to somewhat shortened tails.

The pound's correlation composite moved in line with a standard pattern during the period, picking up under the influence of news releases and easing down in between, with no particularly sharp falls. Notably, the gauges strongest surges took place before the actual releases, prompted by the anticipation of the results. Thus, the first splash happened on early Thursday, when the pound briefly strengthened against its peers ahead of the BoE announcement. Similarly, Tuesday's surge started off three hours before the CPI numbers came out, but was additionally fueled by the pound's sharp reaction to the weaker-than-expected numbers. In total, the gauge went from 0.17 to 0.72 points, and managed to hold at the level until the bonds with the commodity currencies' crosses weakened in the afternoon.

Correlations (5 vs 20 days)



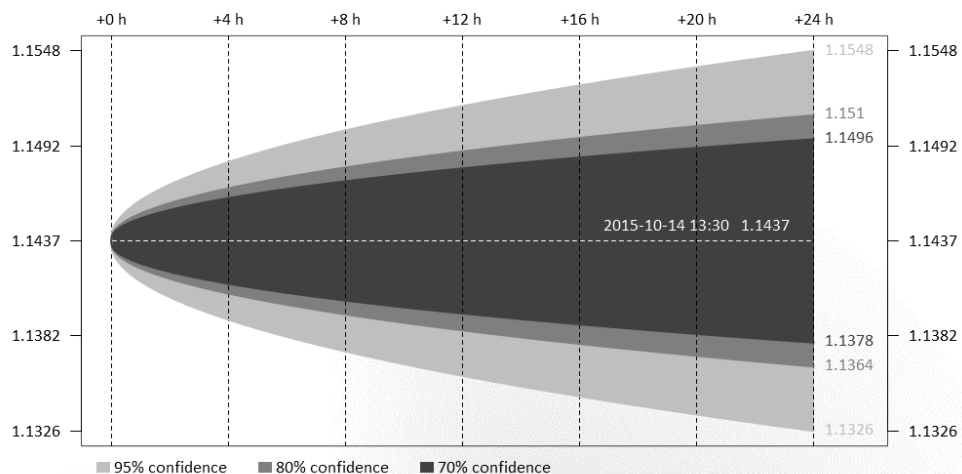
Mean Correlation Coefficient (with GBPEUR)

Days	GBP	GBPUSD	GBPJPY	GBPCHF	GBPAUD	GBPCAD	GBPNZD	GBPSEK
5	0.39	0.43	0.56	0.82	0.15	0.31	0.18	0.69
20	0.35	0.32	0.56	0.76	0.09	0.21	0.14	0.72
130	0.37	0.15	0.37	0.68	0.28	0.27	0.3	0.72
250	0.36	0.17	0.36	0.69	0.32	0.29	0.34	0.67

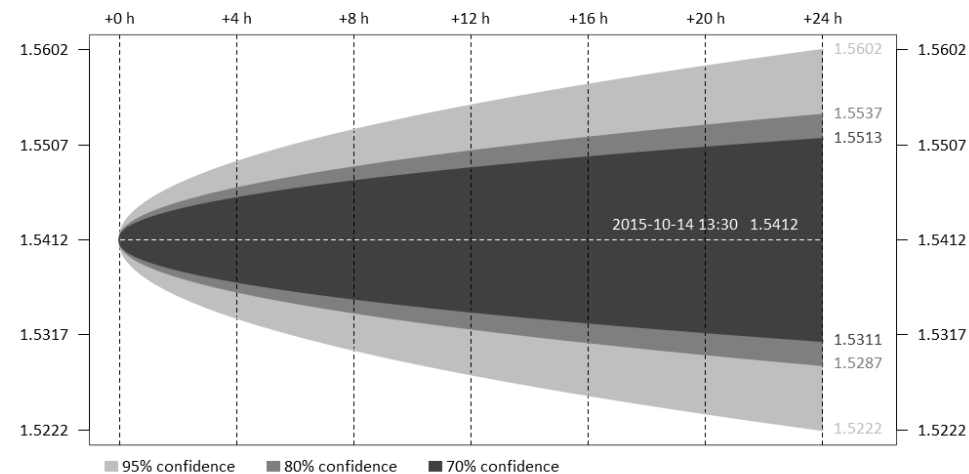
Wednesday, October 14, 2015
15:30 GMT

Confidence Intervals for Next 24 Hours

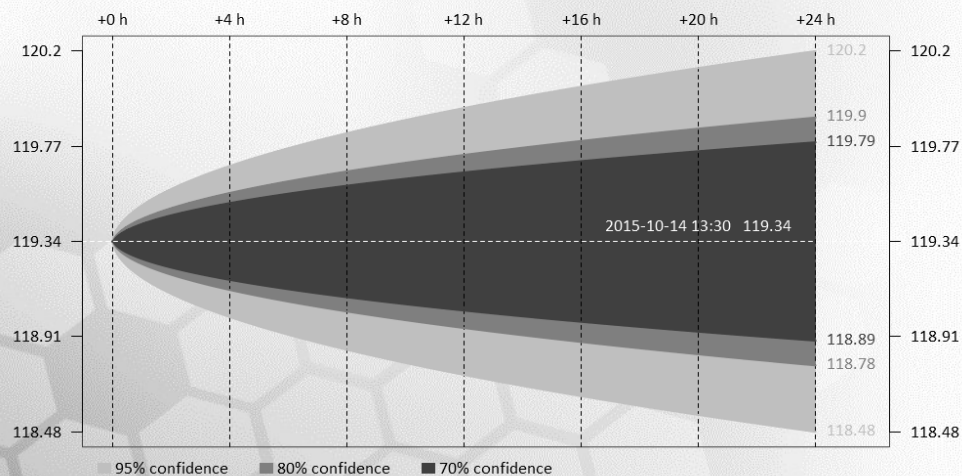
EURUSD Potential Rates



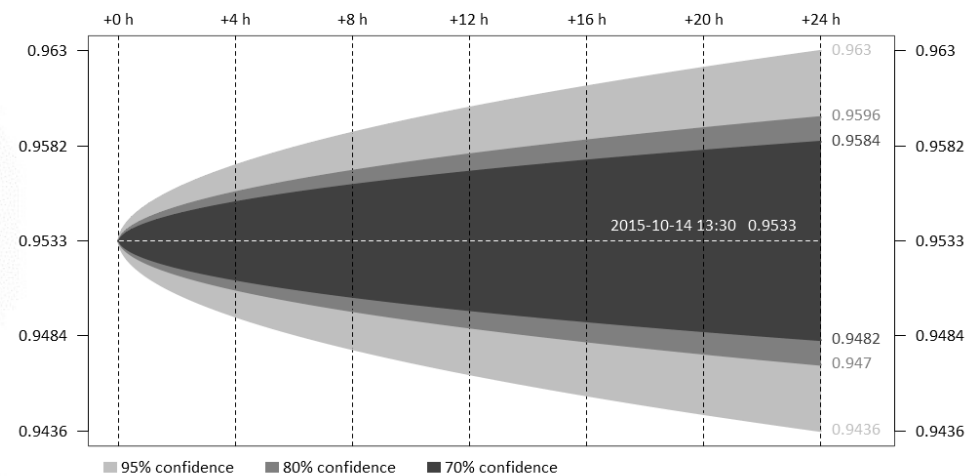
GBPUSD Potential Rates



USDJPY Potential Rates



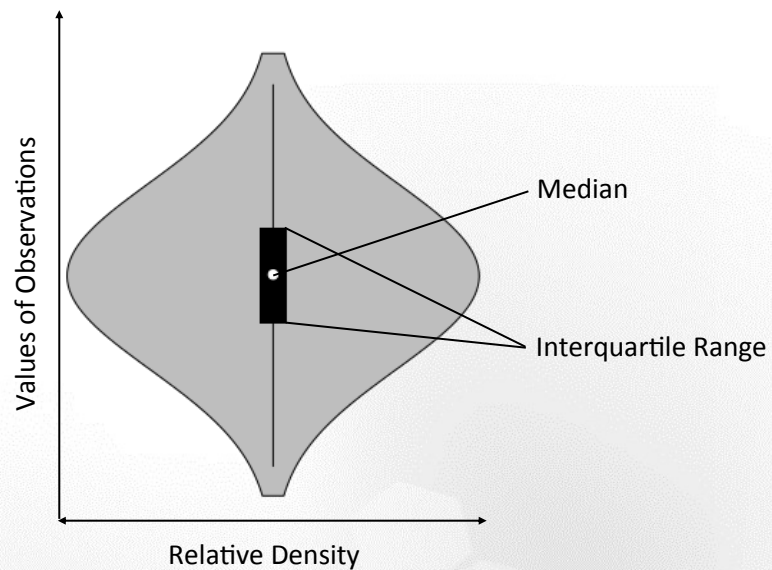
USDCHF Potential Rates



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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