



13/01/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

January 6

06:00 - 20:30

- Canadian Trade Balance
- UK Services PMI
- US ADP Non-Farm Employment, Trade Balance, Factory Orders and ISM-Non-Manufacturing PMI
- FOMC Meeting Minutes

Turquoise Area

January 7

06:30 - 21:00

- Canadian Ivey PMI
- BOC Governor Poloz Speaks
- Australian Trade Balance
- German Factory Orders and Retail Sales
- Euro zone Unemployment Rate

Blue Area

January 8

06:30 - 20:00

- Canadian Employment Change and Unemployment Rate
- US Employment Change and Unemployment Rate
- UK Trade Balance
- Chinese CPI

Purple Area

January 11

06:30 - 21:30

- BOC Business Outlook Survey
- Japanese Current Account

Orange Area

January 12

05:00 - 21:30

- UK Manufacturing Production
- FOMC Member Fischer Speaks
- BOJ Governor Kuroda Speaks
- BOE Governor Carney Speaks
- US JOLTS Job Openings

CAD Currency Index Change

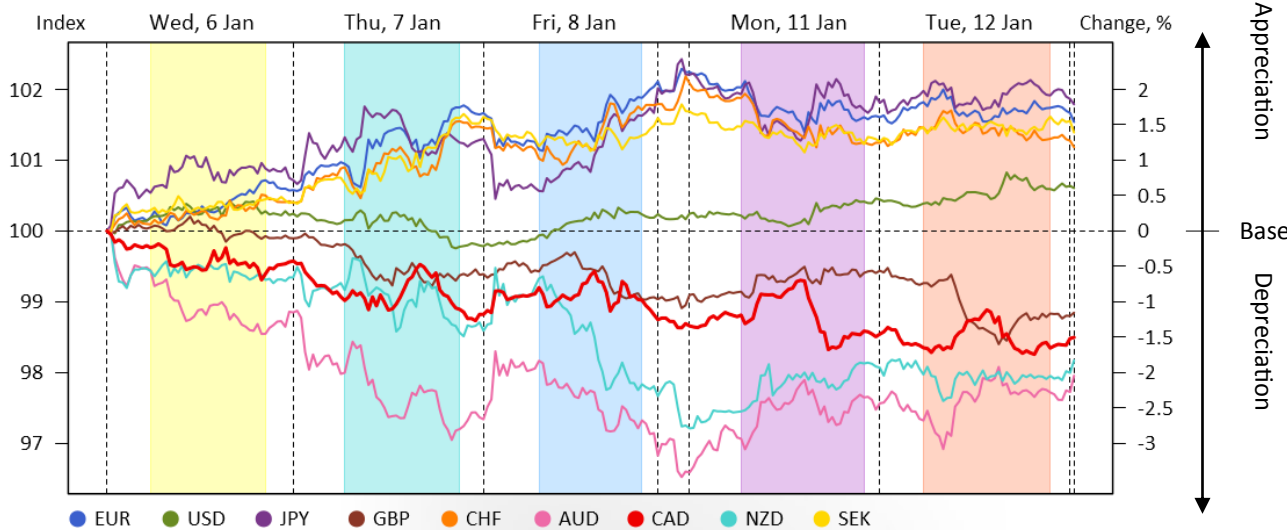
-0.37%	-0.13%	-0.18%	-0.23%	0%
2.02	2.18	2.46	1.76	1.68

Max CAD Volatility Index



Relative Currency Strength

Currency Indexes



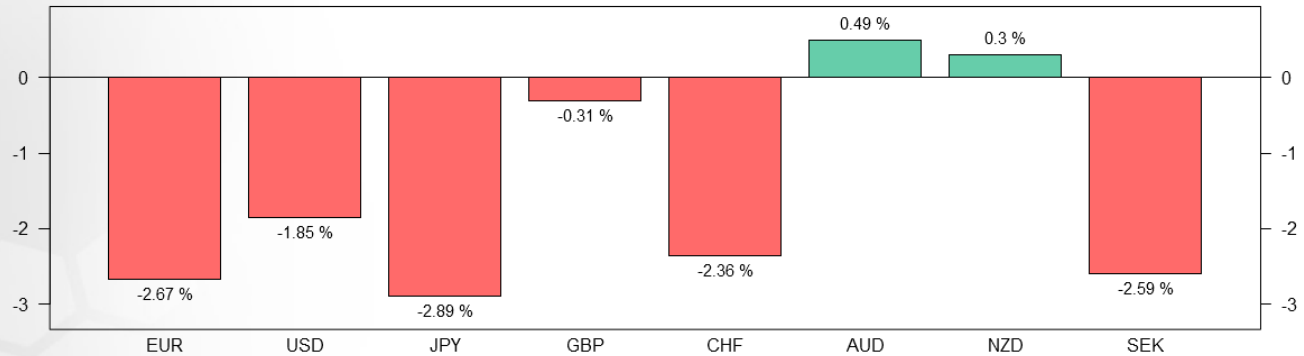
Canadian Dollar was among the worst performing currencies during the last five-day period, as it used to depreciate strongly along with other commodity-related currencies. Accompanied by Australian and New Zealand dollars, they all dipped by 1.5-to-2% from Wednesday of the last week. Especially heavy downward impetus was created by oil prices, as they plunged as low as \$30 a barrel and have already briefly tested the area below this mark. Another bearish performer was the British Pound, which touched the lowest level since 2010 against the US Dollar amid negative impact for the UK coming from weaker China and slowly-growing Euro zone.

In the meantime, traditional safe-havens were able to benefit from a commodity and equity market turmoil, which originated in Asia and was spread across developed markets as well. The Yen and Franc surged by more than one full percentage point last week. Also among them, the Euro climbed as much as 1.54%. The trend of all currencies was largely clear since the first day of the period, as persistent flow of negative news from China had immediately translated into some movement in the FX market and divided major G9 currencies into gainers and losers. The Canadian Dollar attempted to recover on Thursday, Friday and Monday, but all trials were dampened by quite disappointing local fundamentals, fuelled by dovish comments made by policymakers.

Change, %

CAD

Change, %



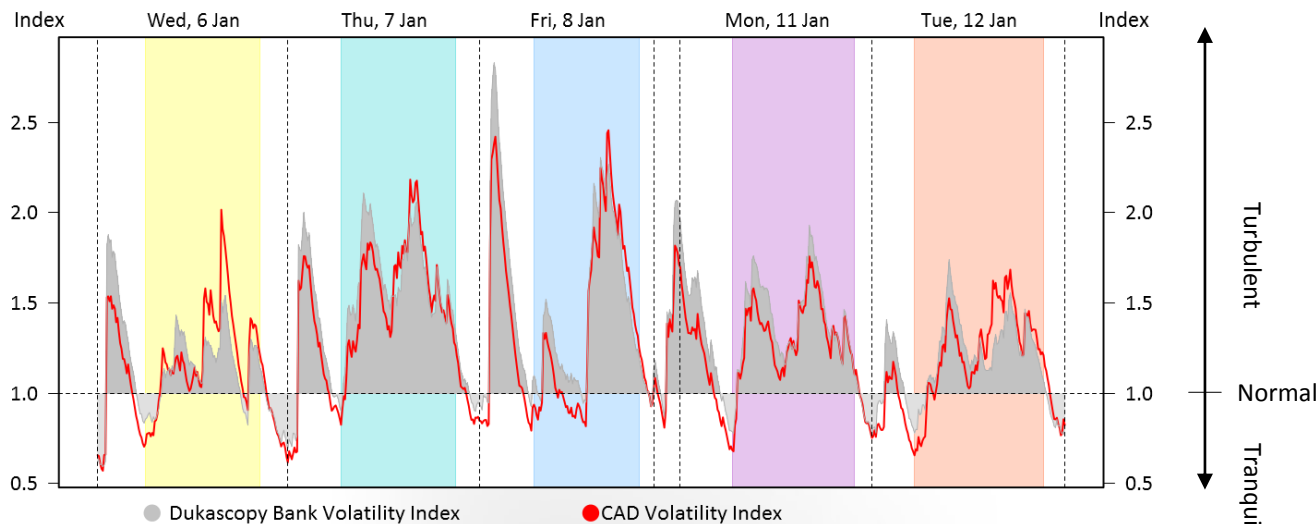
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	1.54%	0.61%	1.79%	-1.15%	1.18%	-2.04%	-1.5%	-1.83%	1.39%
20	0.42%	1.93%	4.81%	-3.18%	0%	-1.87%	-2.38%	-1.58%	1.23%
130	2%	2.95%	8.68%	-5.28%	-2.49%	-2.8%	-7.99%	2.66%	2.84%
250	-1.48%	8.38%	8.78%	2.94%	9.71%	-8.54%	-11.13%	-10.7%	2.13%



Volatility

Volatility



Unusually for most of the previous periods, this time the Canadian currency was heavily volatile throughout all days of the observed time period. As seen from the main chart for volatility, movements of this particular currency coincided with the market in the majority of all cases, meaning global events used to have much sharper impact on CAD than fundamental events from inland Canada. At the same time, it should be noted that the total number of data releases from this country has greatly overshoot the number of publications for such regions as Australia, New Zealand, Japan and the UK. Due to high activity, the elevated volatility reading for CAD and the market average stood at 73% and 78%, respectively.

The most volatile cross was CAD/JPY, which used to be turbulent in 87% of all time during the past five days. The key safe-haven was substantially diverging from the Canadian Dollar, which was hammered by slumping oil prices.

During one particular time slot on Wednesday of the previous week the CAD Volatility Index picked up, even though the market was silent. Such a move was prompted by Canadian trade statistics, which showed a narrowing trade deficit for the month of November. Volatility peak, however, was reached on Friday, especially when the US and Canadian employment data was out. Weekly maximum was 2.46 points, but it fell somewhat short of market high of 2.83 points.

Elevated Volatility (% of the observed period)

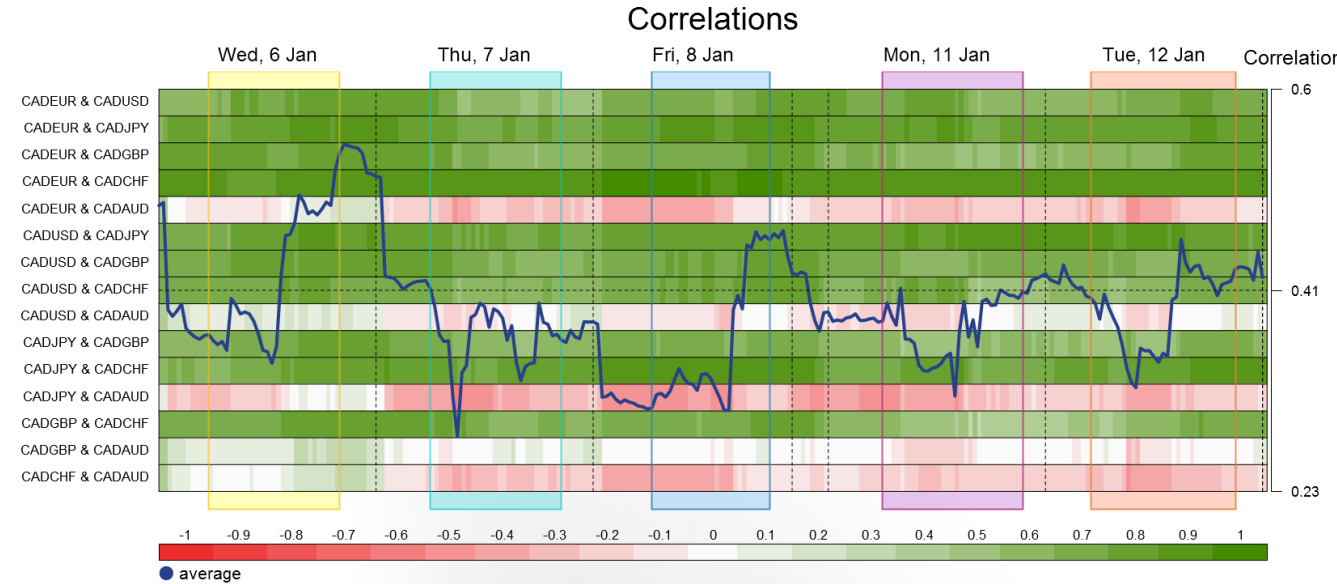
Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
	78	73	72	87	45	71	68	60	60

Volatility Index (for the observed period)

	Market	CAD	EURCAD	USDCAD	CADJPY	GBPCAD	CADCHF	AUDCAD	NZDCAD	CADSEK
Max	2.83	2.46	3.31	2.4	3.72	2.41	3.24	3.06	2.94	2.67
Min	0.59	0.57	0.56	0.38	0.59	0.46	0.44	0.56	0.52	0.44
Average	1.32	1.25	1.39	1.11	1.58	1.04	1.35	1.21	1.19	1.11



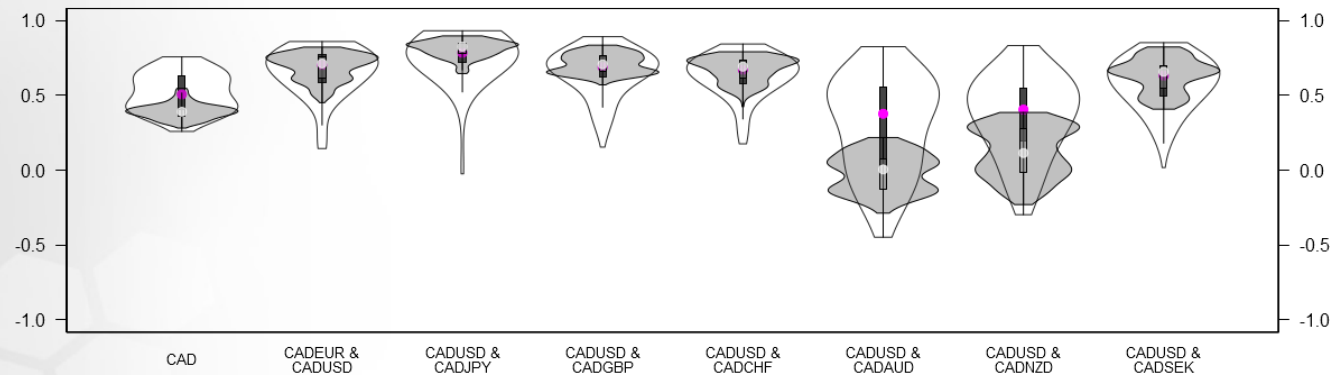
Currency Significance



Correlations of the researched currency were not generally influenced by red readings posted by some particular components that in most of the cases included Australian and Kiwi dollars. This is because all components with commodity-linked currencies had a tendency to develop differently from the market, by getting massive pressure from tumbling energy prices. Despite showing healthy correlations for the majority of components, which provided the composite with a more or less stable development last week, the mean correlation coefficient stood at only 0.4 points during the period, down from a monthly average of 0.52 points.

Average correlations also gave up to half-year and annual readings for correlations of 0.45 and 0.43 points, respectively. The data available indicates that CAD/AUD posted a net negative reading of -0.02 points, with CAD/NZD reaching only 0.12 points' mean weekly correlation with USD/CAD component. The most reliable component was USD/CAD and CAD/JPY, as gains for both the Yen and Dollar have done a good job for correlation indicators in this case. The composite saw its greenest correlations at 0.55 points Wednesday, in time when FOMC meeting minutes were out. For the remaining part of the period the CAD composite hovered somewhat on the lower side of the chart, particularly because of deepening divergence between safe-haven and commodity currencies.

Correlations (5 vs 20 days)



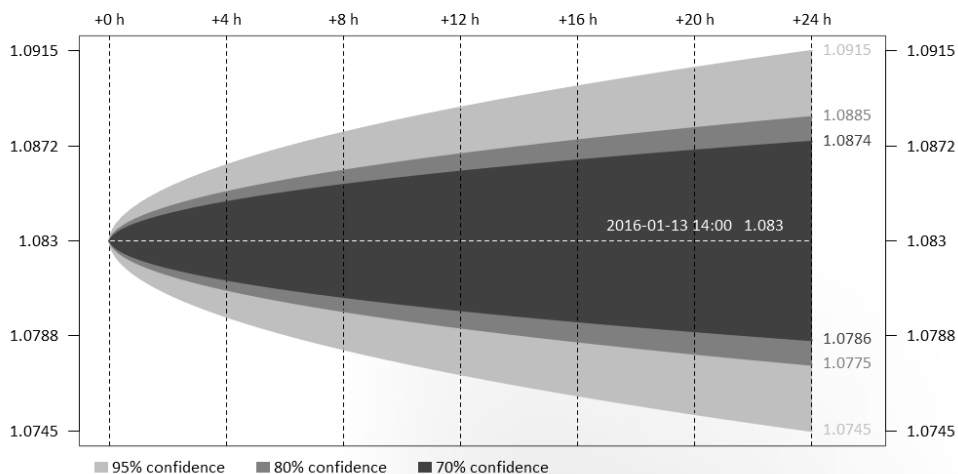
Mean Correlation Coefficient (with CADUSD)

Days	CAD	CADEUR	CADJPY	CADGBP	CADCHF	CADAUD	CADNZD	CADSEK
5	0.4	0.69	0.81	0.71	0.67	-0.02	0.12	0.64
20	0.52	0.66	0.76	0.66	0.64	0.29	0.35	0.59
130	0.45	0.52	0.74	0.66	0.54	0.19	0.18	0.47
250	0.43	0.4	0.69	0.59	0.43	0.18	0.18	0.35

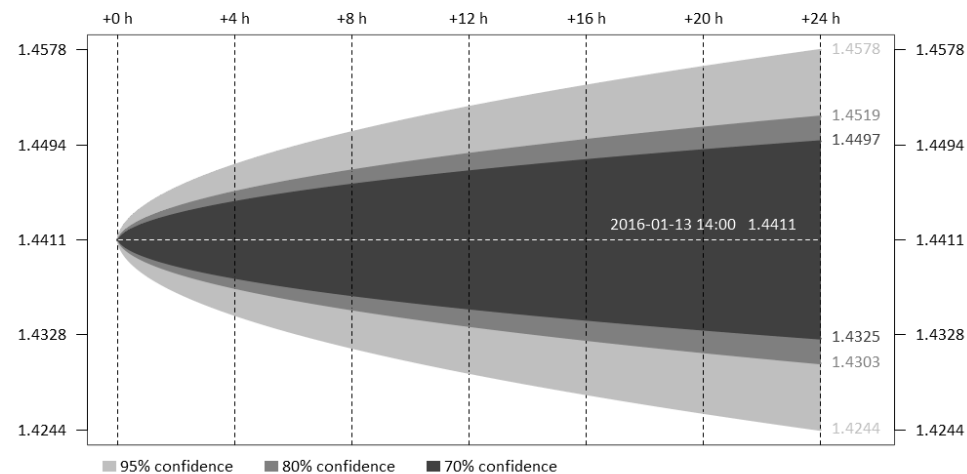
Confidence Intervals for Next 24 Hours

Wednesday, January 13, 2016
16:30 GMT

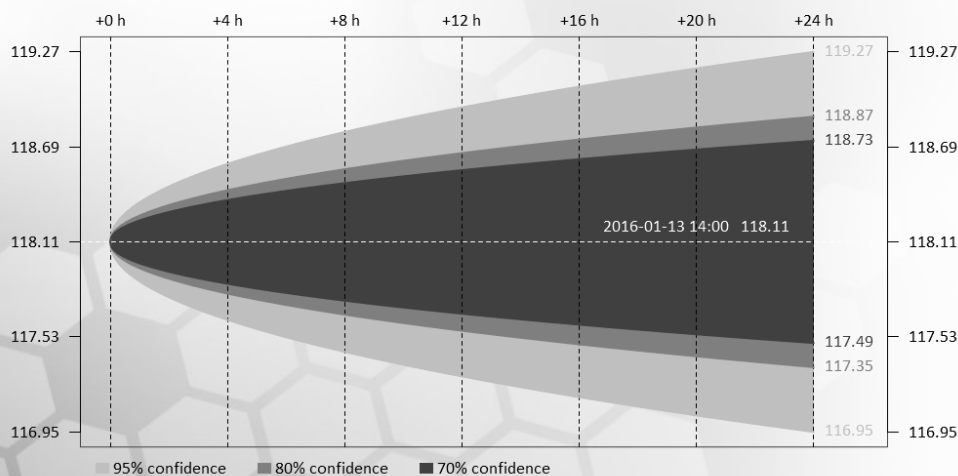
EURUSD Potential Rates



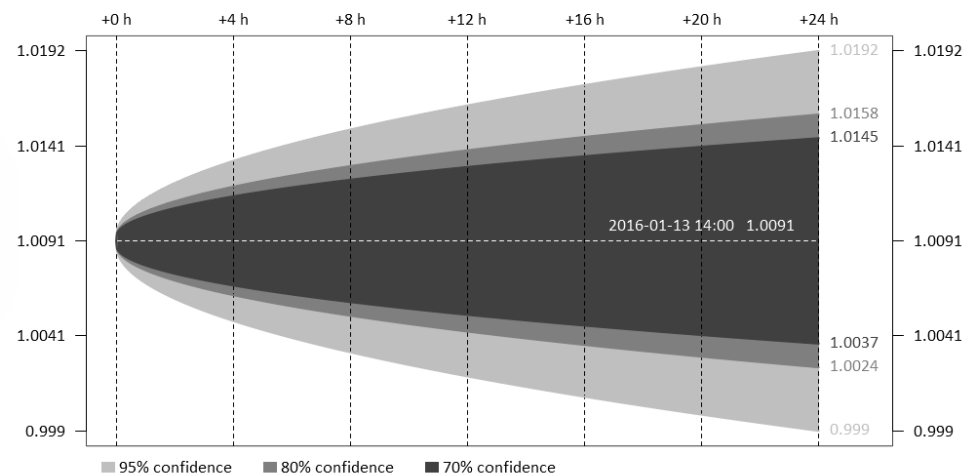
GBPUSD Potential Rates



USDJPY Potential Rates



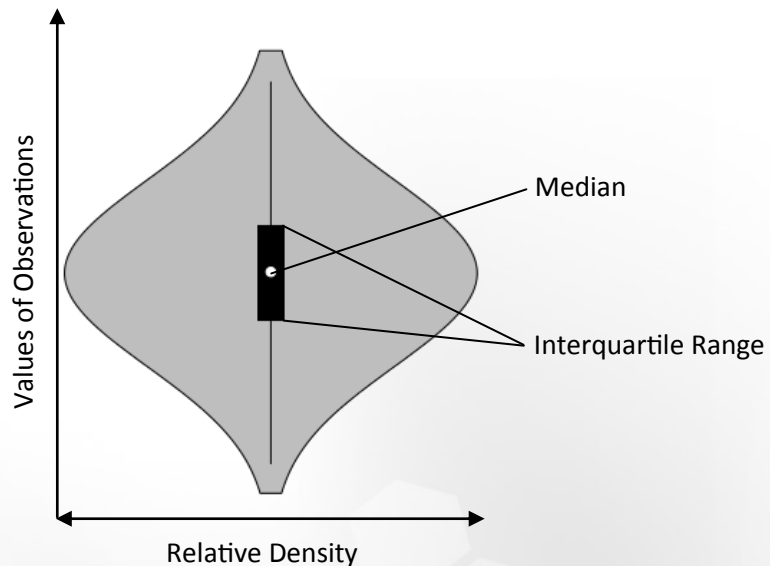
USDCHF Potential Rates



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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