



USD

25/01/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

January 19

02:00 - 22:00

- Chinese Retail Sales, GDP
- German CPI, ZEW Survey
- Swiss Producer and Import Prices
- UK PPI
- EMU CPI
- New Zealand CPI

Turquoise Area

January 20

06:30 - 20:30

- German PPI
- UK Claimant Count, ILO Unemployment Rate
- Swiss ZEW Survey
- US Housing Starts, Building Permits, CPI
- BoC Interest Rate Decision

Blue Area

January 21

07:00 - 18:30

- ECB Interest Rate Decision, Monetary Policy Statement and Press Conference
- US Jobless Claims, Philly Fed Manufacturing Survey
- EMU Flash Consumer Confidence

Purple Area

January 22

08:30 - 17:00

- German, EMU Flash Markit PMI
- UK Retail Sales, Public Sector Net Borrowing
- Canadian Retail Sales, CPI, BoC CPI
- US Flash Markit Manufacturing PMI, CB Leading Indicator

USD Currency Index Change

0.04%

-0.1%

-0.34%

0.09%

Max USD Volatility Index

1.42

1.97

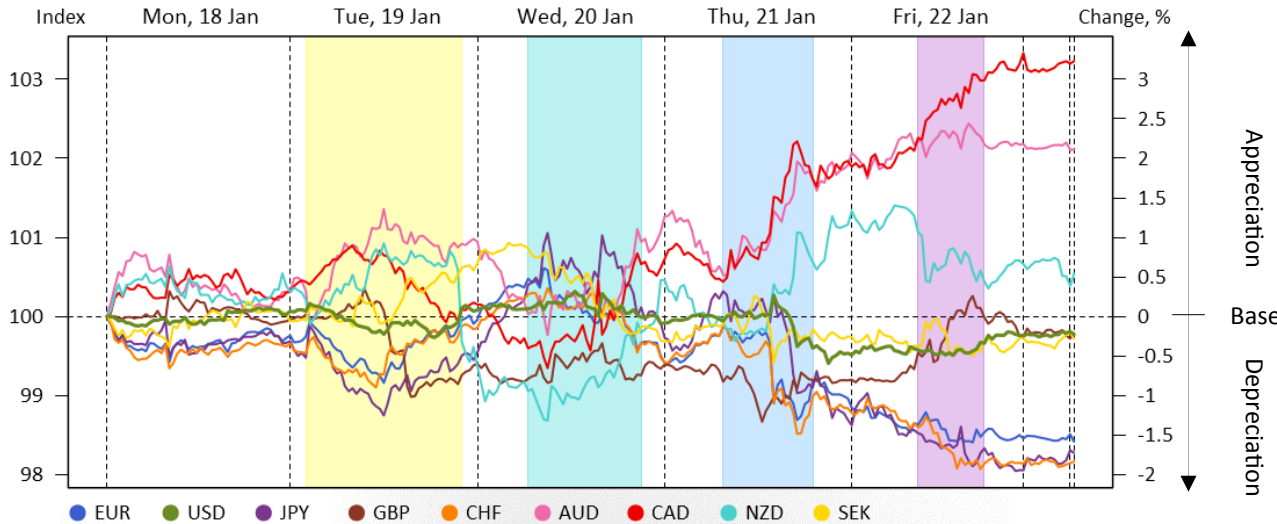
2.28

1.35



Relative Currency Strength

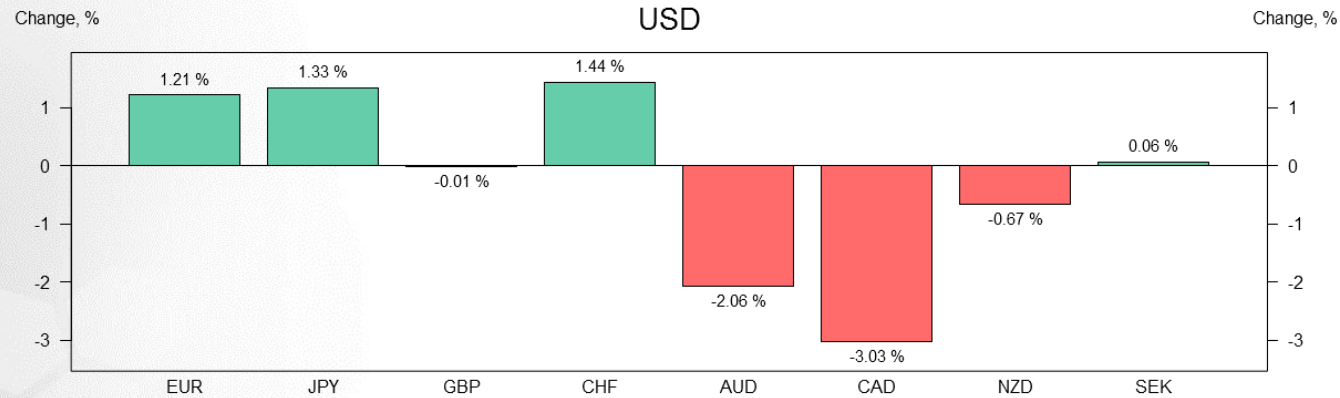
Currency Indexes



The active stance the observed currencies have taken in the beginning of the year continued to reign over the market, and the strength indexes once again produced a wide range of weekly change. The period's leader was the Loonie, whose gauge posted a 3% gain, paring the previous week's losses with an impetuous rally. Starting with the BoC's decision to not cut the rate on Wednesday and finding support in the bounce of the oil prices further in the week, the upsurge swiftly took the CAD Index above its peers and put it more than 1% ahead of the closest counterpart by the end of the period. The said counterpart was the Aussie's gauge, which had a bumpy start of the week after the January 15 downside, but picked up

alongside its Canadian counterpart. Meanwhile, the main losers of the period were the EUR, the CHF, and the JPY Indexes, which fell sharply on Thursday and remained under the downward pressure in the following day.

The USD Index remained subdued and barely swayed away from the baseline, posting the period's smallest loss of 0.2%. The decisive slip below the 100-points level took place on Thursday, against the background of the strengthening of the dollar's peers, and the slight uptick in Friday afternoon was not enough to bring the gauge to Monday's level. The Greenback posted 3% and 2% losses against its Canadian and Australian peers, and gained over 1.2% against the Euro, the yen, and the franc.



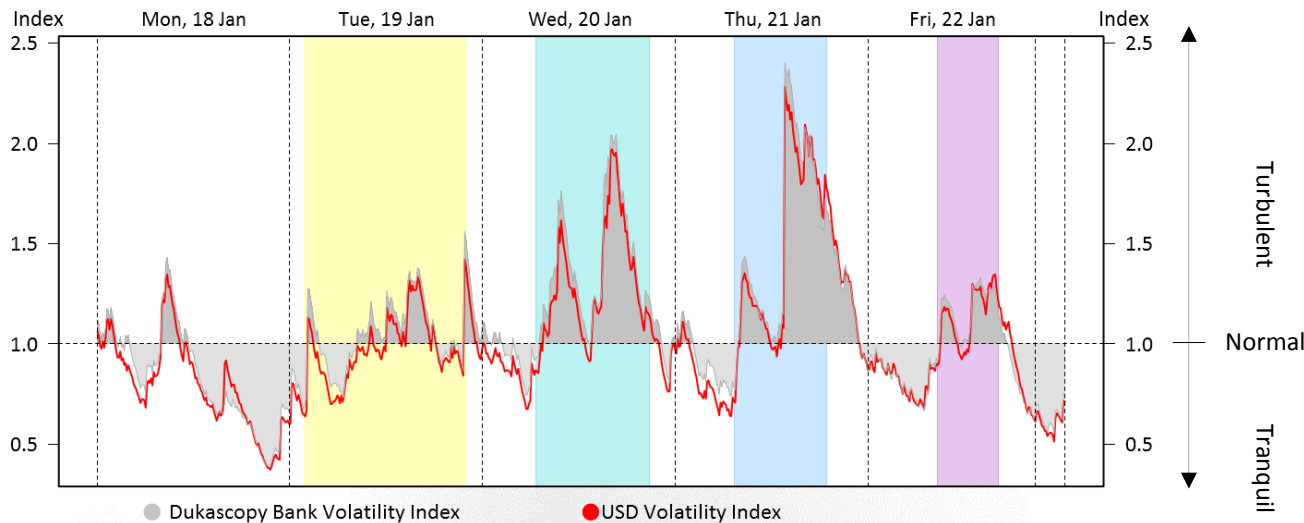
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.58%	-0.23%	-1.72%	-0.21%	-1.83%	2.11%	3.23%	0.54%	-0.28%
20	0.78%	2.48%	4.14%	-2.26%	-0.76%	-1.68%	0.26%	-3.44%	0.07%
130	0.56%	3.56%	7.96%	-5.51%	-3.32%	-1.33%	-5.73%	1.21%	2.76%
250	4.28%	8.01%	7.08%	2.31%	-8.03%	-5.06%	-6.38%	-7.45%	5.19%



Volatility

Volatility



Turbulent
Normal
Tranquil

Against the background of extremely turbulent first weeks of the year the past week seemed almost normal, as average of the volatility measure was very close to 1 as well as portion of elevated volatility close to 50%. Thus, turbulence of the week was in line with that of the previous two, which means that the currency market stayed under pressure of oil price movements as well as worries about the Chinese economic situation. Just like previously, the Asia-Pacific currencies remained the most volatile with more than 55% elevated volatility portions. Meanwhile, there were two more currencies – the Loonie and the Euro – which conspicuously reacted to domestic economic releases.

Throughout the period the USD volatility measure stayed below the market's gauge, which pointed out relative insignificance of the US economic news. The most notable spikes of both measures were associated with Tuesday's New Zealand's inflation data release as well as Canadian and Eurozone's monetary policy statements on Wednesday and Thursday. The latter became the most resonant event for the Greenback, as a slight appreciation of the USD against the background of falling EUR provoked the 4.96 surge of the EUR/USD component and the 2.4 spike of the USD volatility gauge. Moreover, all these releases notably affected volatility of the domestic currencies, and their indexes surged above the 3.5 points level.

Elevated Volatility (% of the observed period)

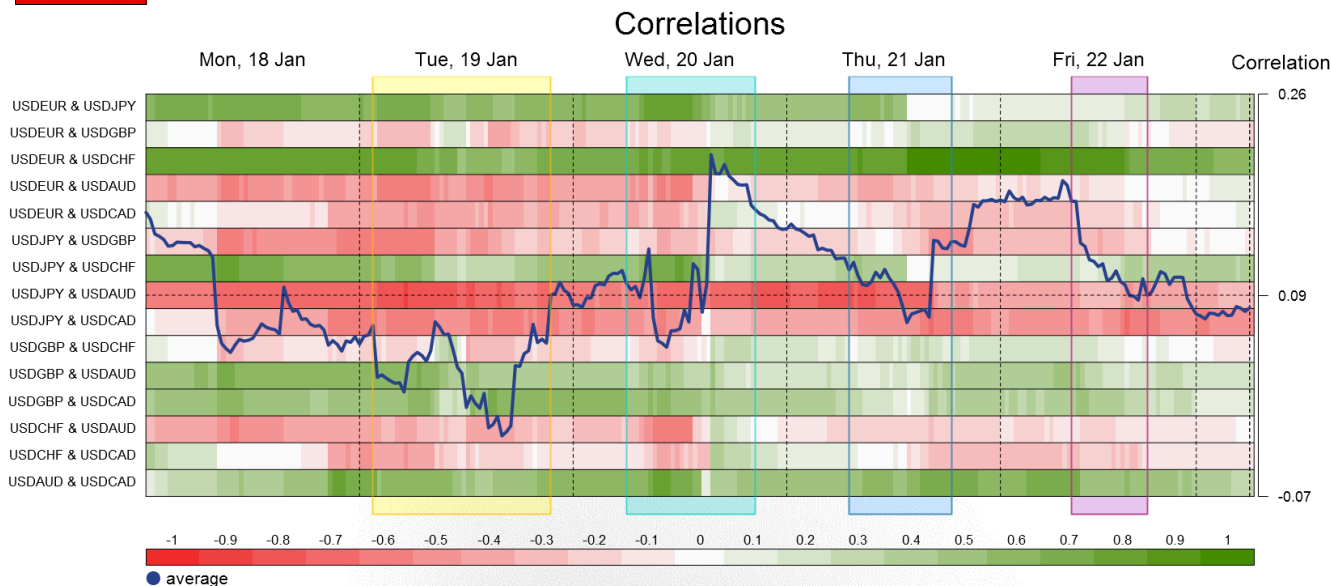
Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	53	41	25	54	52	23	56	46	45	33

Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	2.4	2.28	4.96	2.74	2.68	3.61	2.21	4.69	4.62	3.51
Min	0.39	0.37	0.24	0.23	0.37	0.24	0.32	0.37	0.32	0.32
Average	1.06	1.01	0.9	1.07	1.11	0.85	1.07	1.13	1.06	0.9



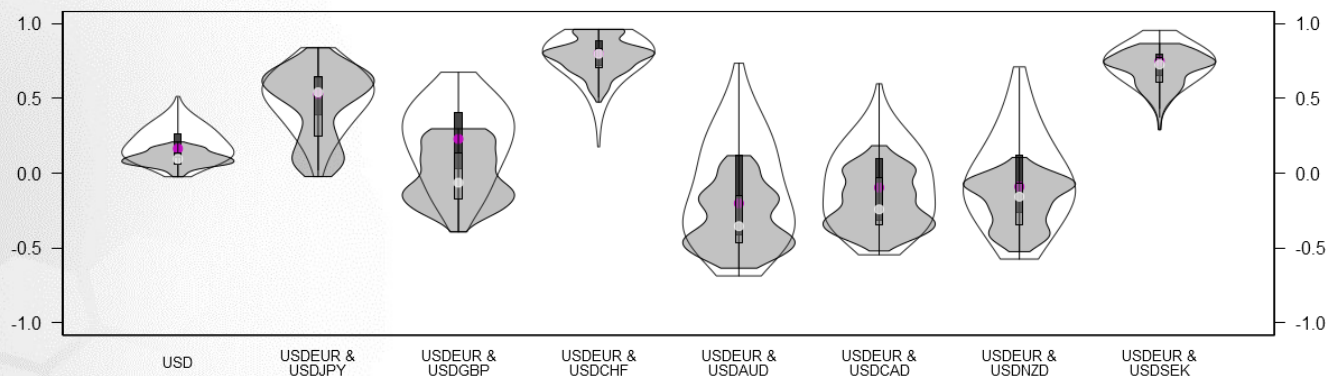
Currency Significance



The period of the negative relationships between the Greenback's pairs has continued for the third week in a row. The commodity market still aroused a dissonance in the currencies' movements. Compared with the previous week, the average of the US dollar's composite lost 0.04 points. For most of the USD/EUR components the past period also was unsuccessful, and the averages decreased by 0.06-0.22 points. Meanwhile, the averages of the components containing the Pacific currencies and the Loonie gained 0.04-0.07 points.

The USD significance measure started the period with a downward movement and in Tuesday afternoon entered the negative area, losing almost 0.2 points. After sinking to the bottom, the dollar's composite began to grow. The BoC monetary policy report on Wednesday pushed the measure up, and it reached the maximum level of the period (0.21). It became the turning point for almost all components, as both positive and negative bonds weakened and approached the zero level. The significance measure also began to decrease gradually. A slight recovery took place on Thursday, after the US EIA crude oil stocks change release. However the Draghi's speech on Friday pushed the composite down again, and it ended the week at the level of 0.08.

Correlations (5 vs 20 days)

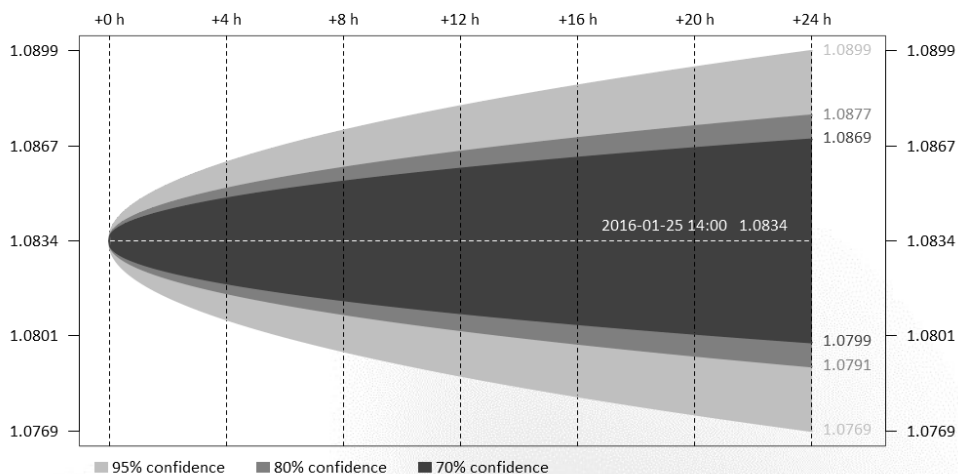


Mean Correlation Coefficient (with USDEUR)

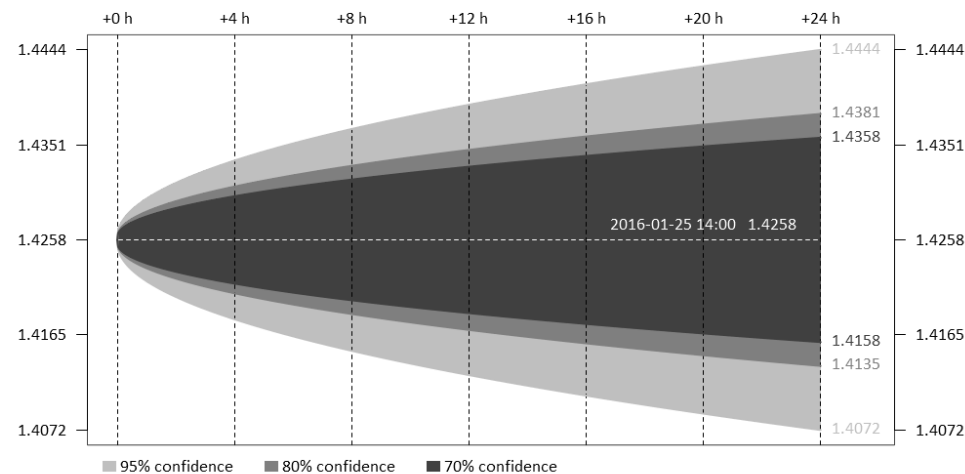
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.1	0.46	-0.02	0.78	-0.31	-0.2	-0.19	0.69
20	0.19	0.5	0.21	0.78	-0.14	-0.1	-0.06	0.73
130	0.34	0.53	0.39	0.75	0.19	0.18	0.23	0.73
250	0.42	0.46	0.5	0.71	0.37	0.34	0.39	0.75

Confidence Intervals for Next 24 Hours

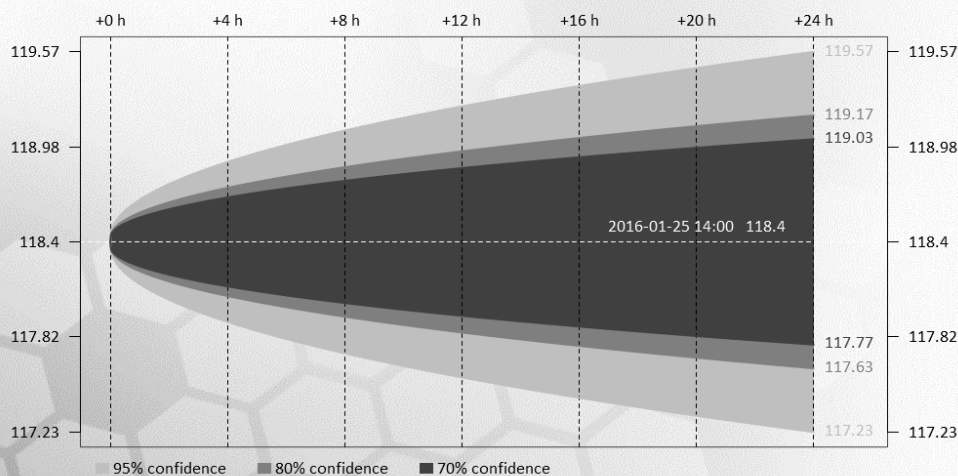
EURUSD Potential Rates



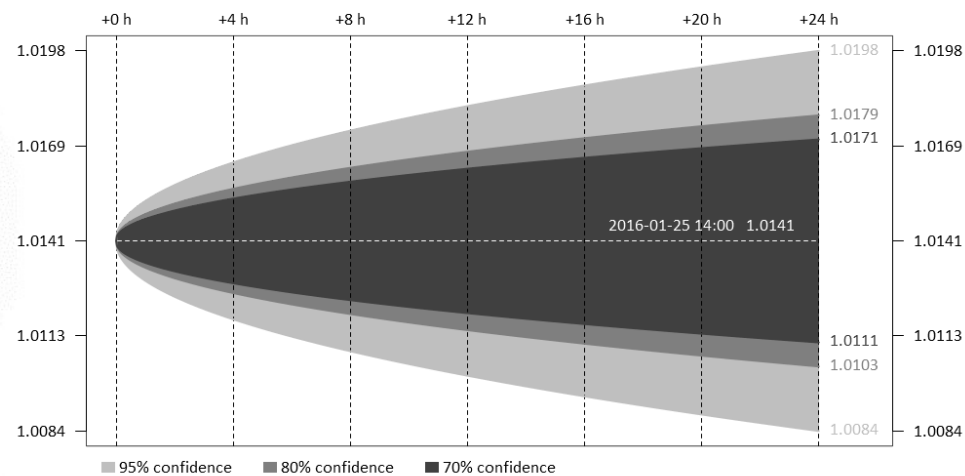
GBPUSD Potential Rates



USDJPY Potential Rates



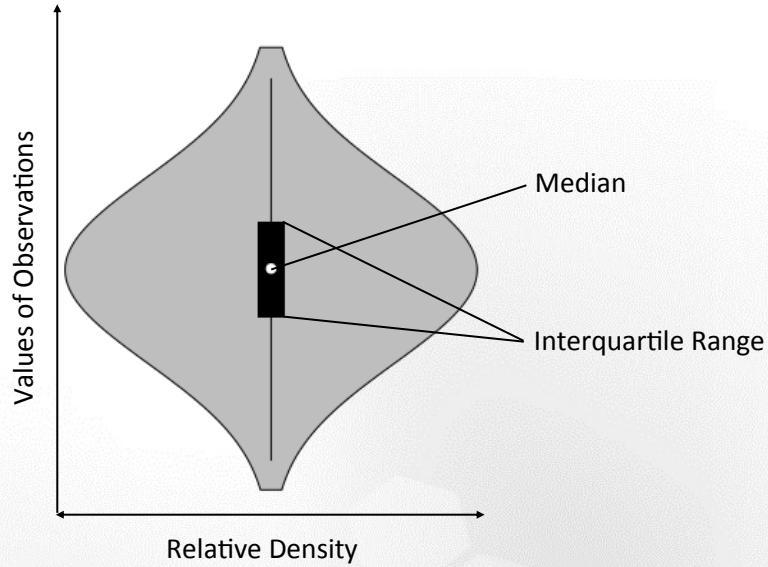
USDCHF Potential Rates



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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