



USD

22/02/2016



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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

February 16

08:30 - 15:30

- UK CPI, PPI
- EMU, German ZEW Survey
- US NAHB Housing Market Index

Turquoise Area

February 17

14:00 - 19:30

- US Industrial Production, Capacity Utilization
- FOMC Minutes

Blue Area

February 18

08:00 - 17:00

- European Council Meeting
- Swedish CPI
- ECB Monetary Policy Meeting Accounts
- US Jobless Claims, Philly Fed Manufacturing Survey, CB Leading Indicator, EIA Crude Oil Stocks Change

Purple Area

February 19

13:00 - 16:30

- European Council Meeting
- US CPI
- Canadian Retail Sales, CPI, BoC CPI
- EMU Flash Consumer Confidence

USD Currency Index Change

0.59%

-0.41%

0.01%

-0.15%

Max USD Volatility Index

1.31

1.22

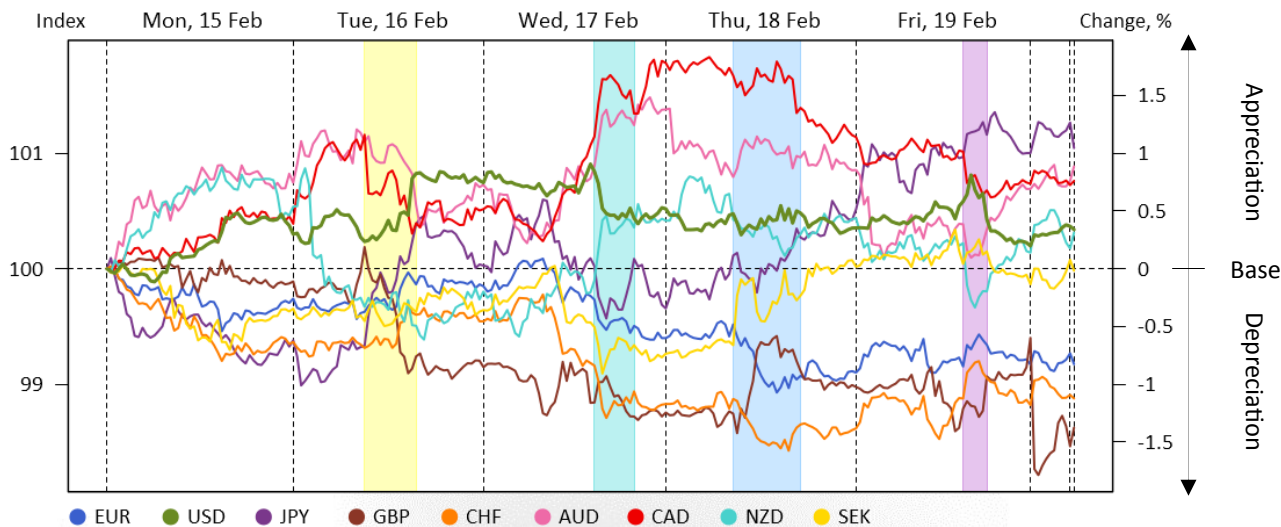
1.06

1.47



Relative Currency Strength

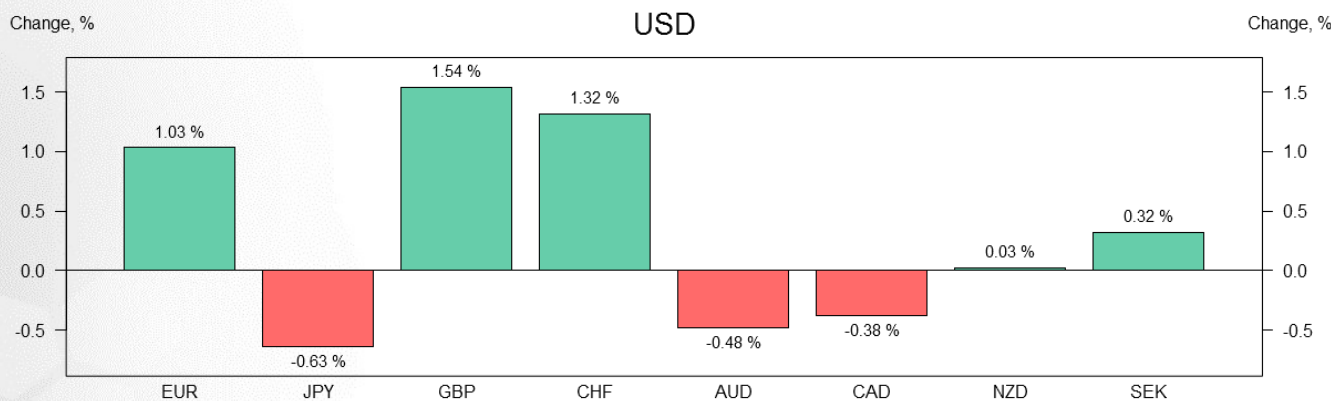
Currency Indexes



The past week was full of ups and downs, with the observed indexes switching positions throughout the whole period. The yen's gauge posted the greatest weekly growth for the third time in a row, though its ascent was notably less firm, and it spent the first day and a half below the baseline, hit by the preliminary Japanese GDP showing a greater-than-expected decline in Q4. The yen's main competitors were the Loonie's and Aussie's measures, both of which surged with the oil prices on Wednesday and finished the week with a 0.8% gain. The period's biggest loss, in turn, was posted by the pound's index. The measure finished the week with an uptick, supported by

the news of an agreement reached by the UK Prime Minister and the EU leaders at the summit in Brussels, and outpacing its closest peers—the Euro's and the franc's gauges. However, all gains were erased as the new week opened after London Mayor expressed his support for "Brexit", and the GBP Index lost 1.1 points from the Friday's value.

The USD Index spent the period holding around the 100.5 points line. Its first surge above that level took place on Tuesday, as the commodity currencies and the pound were going down, but the gains were erased in a reverse situation on Wednesday. Another uptick was fueled by strong CPI releases on Friday, but after two hours of growth the index slipped and finished the period with 0.3% weekly gain.



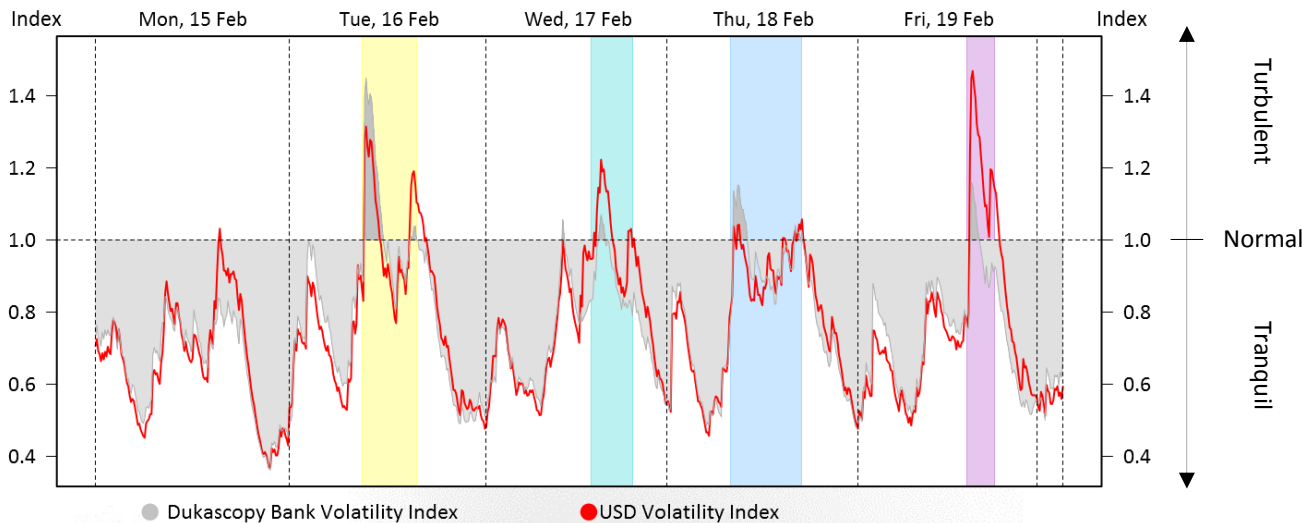
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.83%	0.34%	1.05%	-1.38%	-1.12%	0.89%	0.76%	0.31%	-0.02%
20	0.83%	-2.07%	3.35%	-2.31%	0.38%	-0.07%	0.7%	-0.2%	-0.7%
130	-1.45%	2.16%	9.2%	-8.07%	-3.61%	1.22%	-2.31%	3.79%	-0.13%
250	2.42%	5.27%	11.49%	-3.18%	-0.59%	-5.11%	-5.51%	-8.95%	4.15%



Volatility

Volatility



The past trading week was relatively calm for the Greenback and its counterparts. The pound became the most turbulent currency in terms of elevated volatility portion as it notably reacted to domestic news such as CPI and unemployment releases. However, the portion reached only 20%, while the market volatility exceeded its historical level only in 7% of time. The safe-haven yen, in turn, turned out to be the most tranquil against the background of turbulent first half of February and the USD/JPY volatility index posted 3% of overturbulence instead of 63% previous week.

In spite of the fact that the volatility spikes during the week were relatively weak amid turbulent historical background, the observed period was marked with several news releases and events, which clearly affected market activity. The first notable volatility surge took place on Tuesday and was associated with oil price drop and the pessimistic UK CPI release. As a result almost all observed currencies posted notable rate changes and the market volatility measure reached its 1.45 high. One day later the USD was influenced by another oil price movement, but surprisingly high US industrial production and concerns over global developments expressed in FOMC minutes report did not significantly affect the Greenback. The most conspicuous spike of USD volatility index took place on Friday, after the US CPI release.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
7	11	20	3	36	14	17	19	17	20

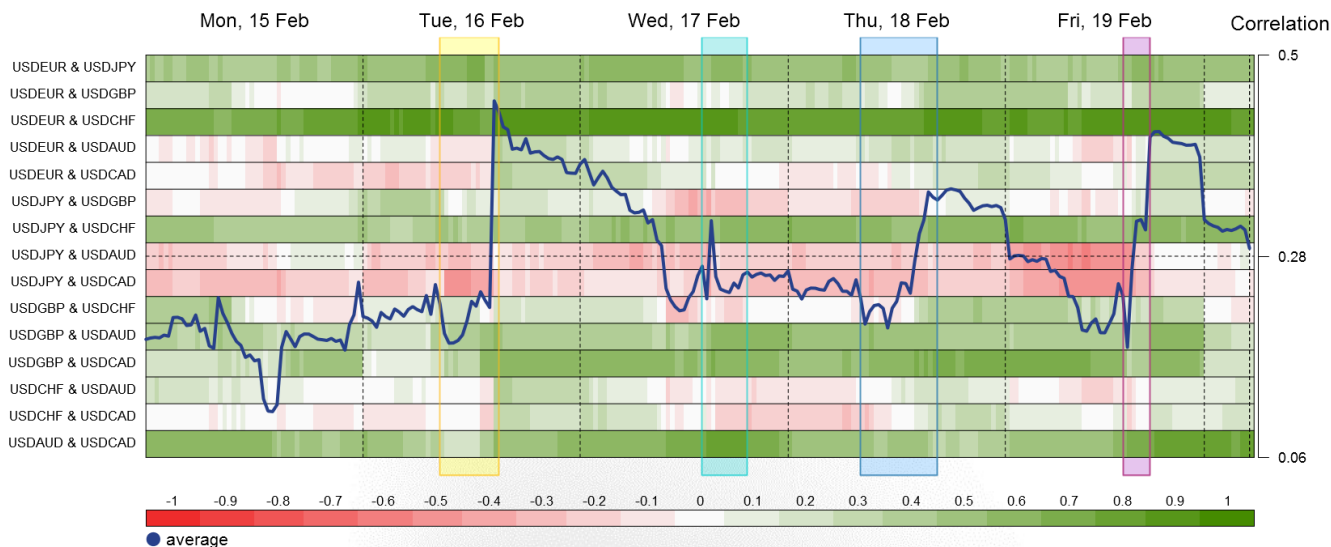
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.45	1.47	1.78	1.25	1.83	1.76	2.31	2.31	2.51	2.71
Min	0.36	0.37	0.28	0.23	0.28	0.28	0.27	0.24	0.33	0.23
Average	0.74	0.75	0.77	0.61	0.84	0.72	0.81	0.74	0.81	0.74



Currency Significance

Correlations

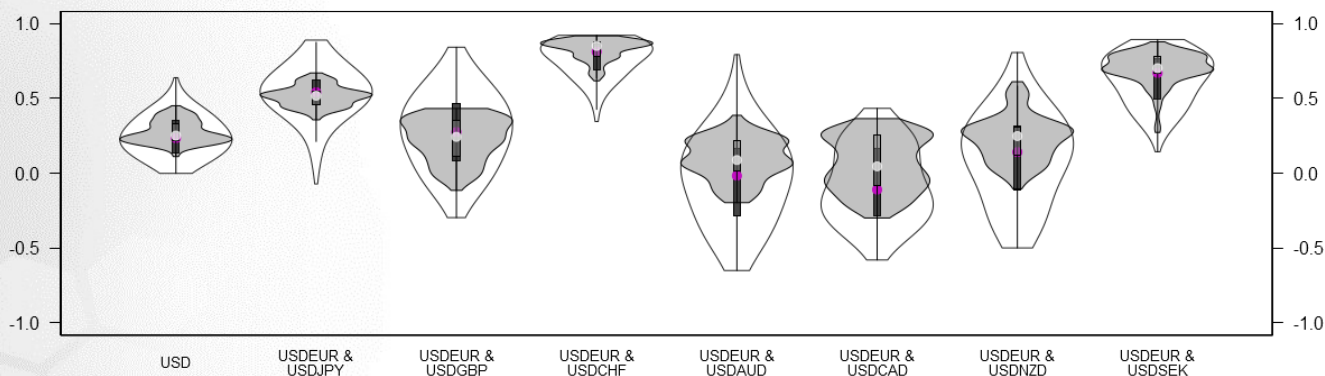


For the third week in a row the Greenback's significance measure held roughly at the same level. Comparing with the previous period average of the composite lost only 0.03 points. Growth of the commodity currencies' rates was reflected in rise of average values of correlations with USD/AUD and USD/CAD. In contrast, the bond between USD/EUR and USD/GBP weakened and the component lost 0.13 points.

The US dollar measure had several ups-and-downs past week. However, the composite

showed the upward trend and ended the period with 0.1 points gain. The most notable spike of the Greenback's aggregate took place on Tuesday. The composite jumped to the maximum value of the period (0.45) against the background of oil depreciation. By the midday of Wednesday the measure declined to the 0.24 mark and stayed at that level till the next day. On Thursday, after the US CB leading indicator data release, the measure started to grow and reached the 0.35 level. The US CPI report on Friday pushed the Greenback's composite up to 0.42 mark. However, the measure ended the week at the feeble 0.29 level.

Correlations (5 vs 20 days)

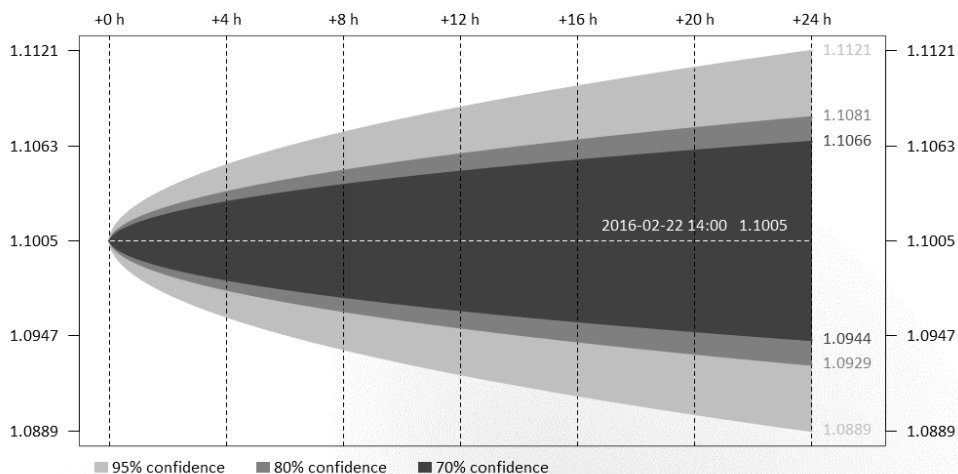


Mean Correlation Coefficient (with USDEUR)

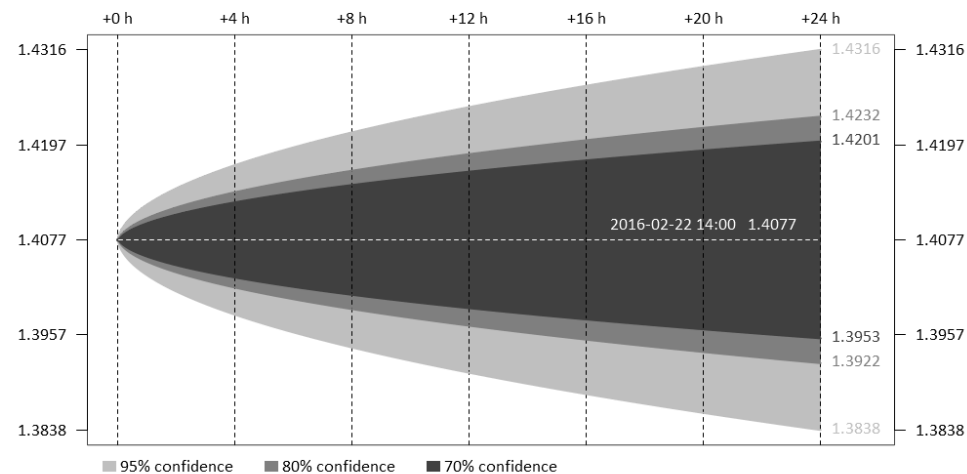
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.27	0.51	0.23	0.83	0.09	0.06	0.23	0.7
20	0.25	0.54	0.27	0.77	-0.04	-0.08	0.1	0.63
130	0.3	0.51	0.36	0.76	0.1	0.1	0.17	0.71
250	0.41	0.49	0.48	0.74	0.33	0.31	0.36	0.75

Confidence Intervals for Next 24 Hours

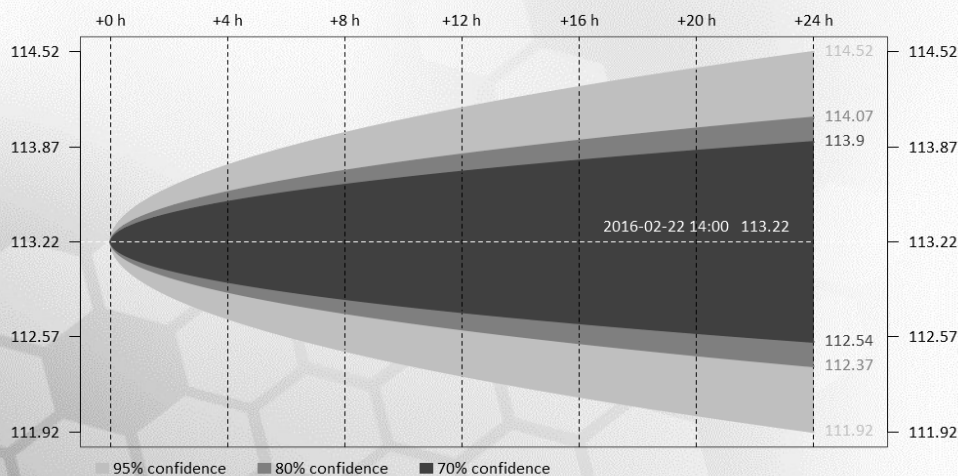
EURUSD Potential Rates



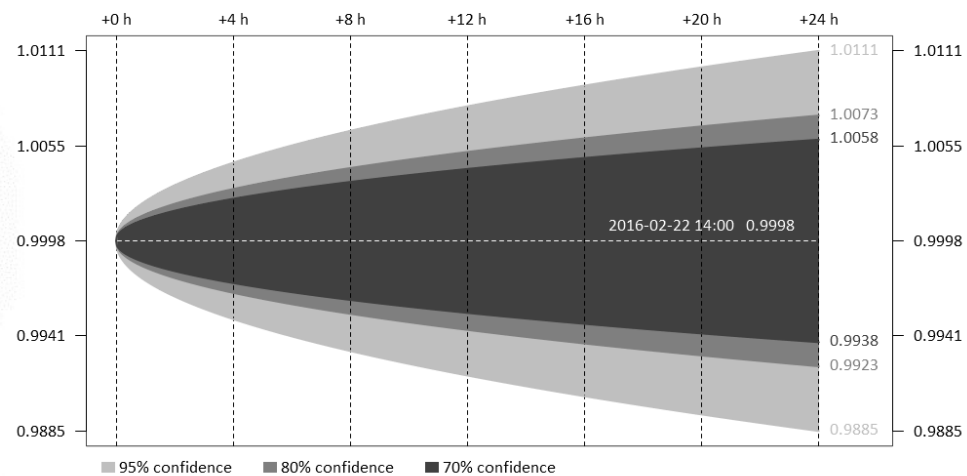
GBPUSD Potential Rates



USDJPY Potential Rates



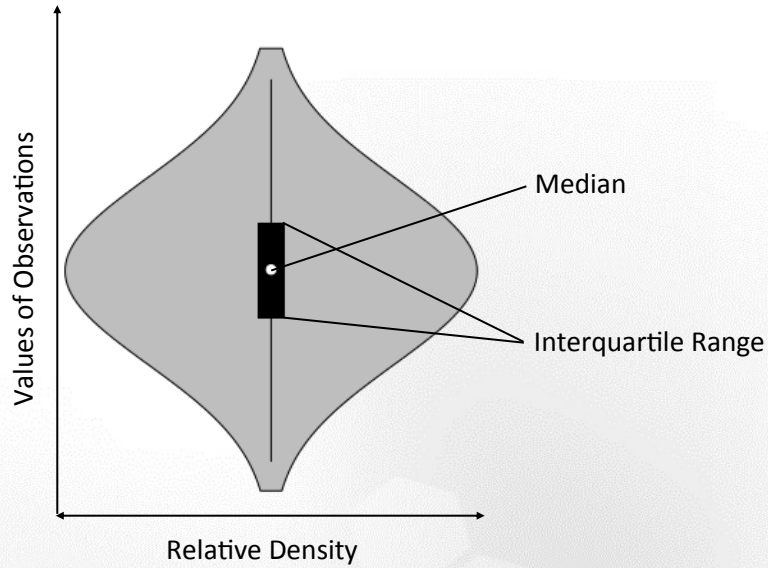
USDCHF Potential Rates



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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