



USD

29/02/2016



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Market Research





Dominant Events of the Period

Yellow Area

February 22

08:30 - 10:30

- German, EMU Flash Markit Services PMI, Manufacturing PMI, PMI Composite

Turquoise Area

February 23

08:30 - 17:30

- German IFO Survey
- BoE Governor Carney's Speech, UK Inflation Report Hearings
- SNB Chairman Jordan Speech
- US S&P Home Price Index, Consumer Confidence

Blue Area

February 24

14:00 - 17:30

- US Flash Markit Services PMI, PMI Composite, New Home Sales

Purple Area

February 25

12:00 - 16:00

- US Jobless Claims, Durable Goods Orders, Housing Price Index

Orange Area

February 26

12:30 - 18:00

- German Flash CPI, HISP
- US GDP Estimate, Goods Trade Balance, Personal Consumption Expenditures, Personal Income, Personal Spending

USD Currency Index Change

0.16%

0.26%

-0.3%

0.03%

0.75%

Max USD Volatility Index

1.11

1.18

1.38

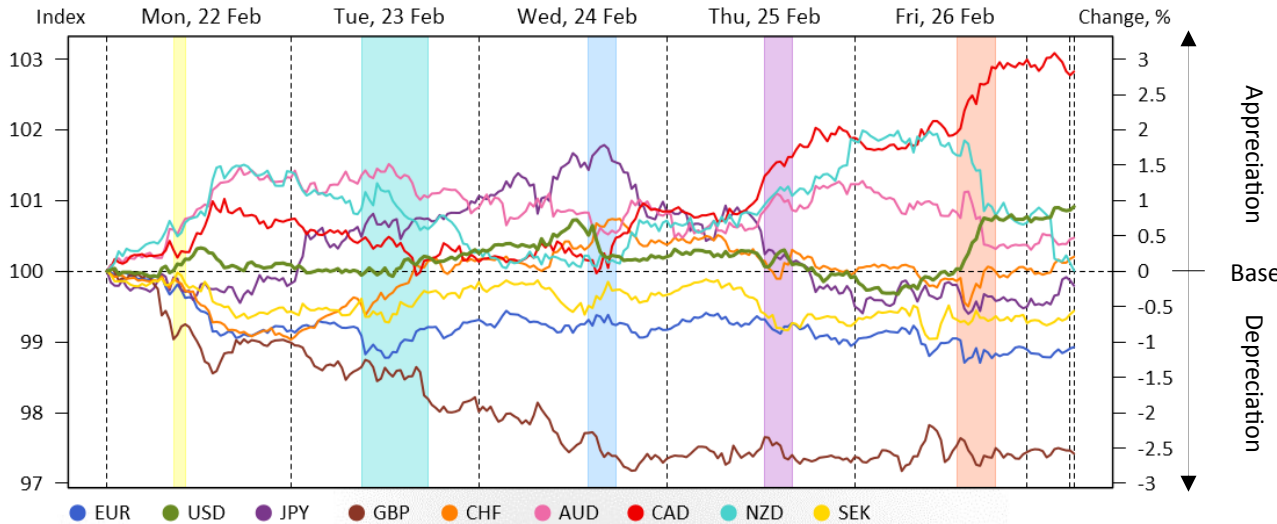
1.06

1.43



Relative Currency Strength

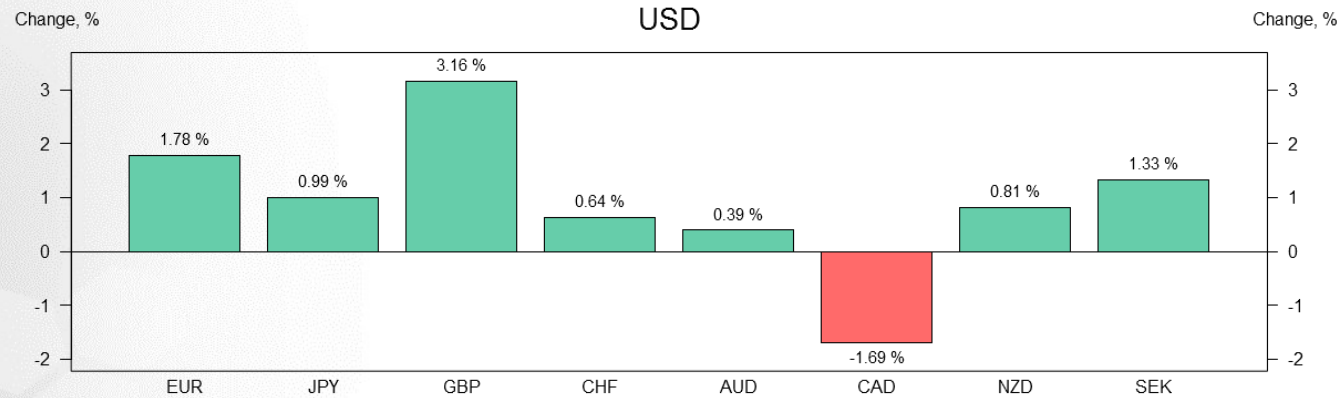
Currency Indexes



The past week was marked by the rapid growth of the Canadian dollar, which started on Wednesday against the background of the rising oil prices. As a result, the CAD Index ended the period with an almost 3% gain and became the indisputable leader of the week. The pound, in turn, was the main outsider of the observed period. Its weakening began after the announcement of the date for the "Brexit" referendum last week, and the pound's measure lost 2.58%. The second worst performer of the week was the Euro, whose index dropped below the baseline with the disappointing PMI data in the very beginning of the period and consequently spent its second week in a row in

the negative area.

The past week was moderately successful for the Greenback, and its index finished the period with the second best result, gaining almost 1% on its base value. On Monday, the US Chicago Fed national activity index on Monday pushed USD up for a while, and the index reached the 100.3 mark. Stronger growth carried the index to 100.7 points on Wednesday, but weak services PMI and new home sales numbers pushed it back to the baseline in the afternoon. The measure slid into negative territory on Friday, but surged out of it later the same day, when the unexpectedly high US personal consumption expenditures data came out, and finished the week at the 100.9 mark.



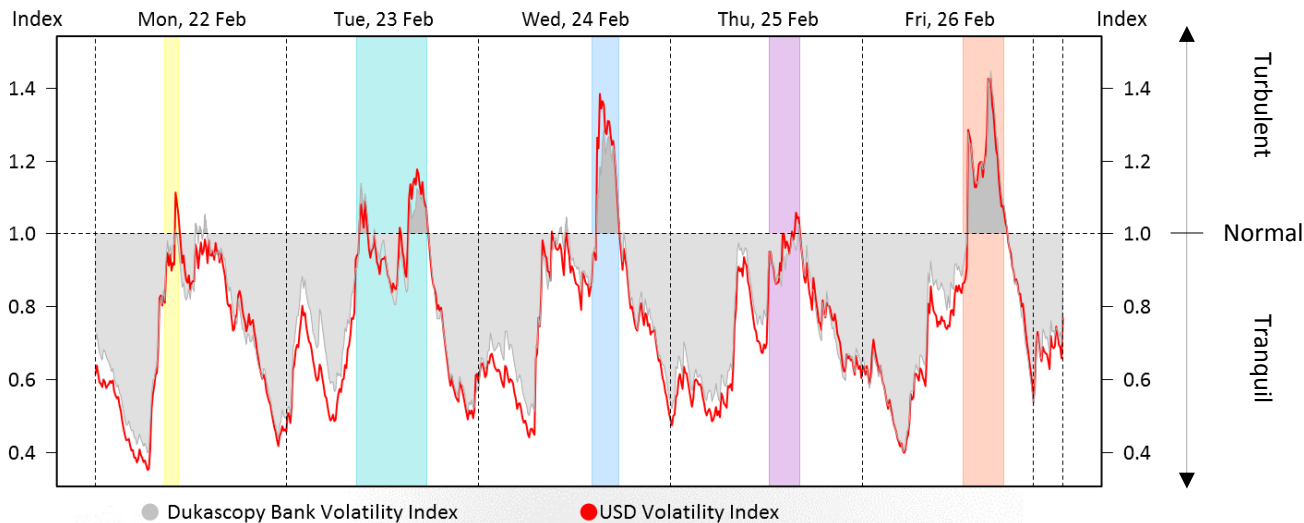
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.07%	0.91%	-0.21%	-2.58%	0.2%	0.47%	2.82%	0.01%	-0.56%
20	-0.76%	-1.41%	5.22%	-5.25%	1.21%	-0.66%	2.6%	0.41%	-1.39%
130	-1.64%	1.24%	8.18%	-10.27%	-2.34%	1.46%	-1.17%	5.36%	0.32%
250	3.13%	5.62%	11.47%	-6.38%	0.8%	-4.46%	-3.33%	-9.78%	2.95%



Volatility

Volatility



In terms of volatility, the past week turned out to be very similar to the previous one. There were very few economic releases which notably influenced the market activity, but during the rest of the period the currencies were largely driven by the oil price movements and the “Brexit” fears. As a result, the British pound became the absolute leader in terms of elevated volatility portion with a 33% reading. The Greenback, in turn, was the calmest among its counterparts.

In spite of the fact that the week was not associated with high turbulence of the US dollar,

clear point wise reactions to the domestic economic releases were observed. The week started with a slight volatility increase against the background of concerns about the UK and EU future. One day later the US consumer confidence, which was released heavily below expectations, sent the dollar’s volatility measure above the 1-point level, but the reaction was much weaker than on Wednesday, when another portion of disappointing data (decreasing services PMI and home sales) came out and managed the index to spike to the 1.38 mark. The week ended with a bunch of optimistic releases, which sent the dollar’s volatility measure to the week’s high of 1.43.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	12	11	16	8	45	14	15	21	17	18

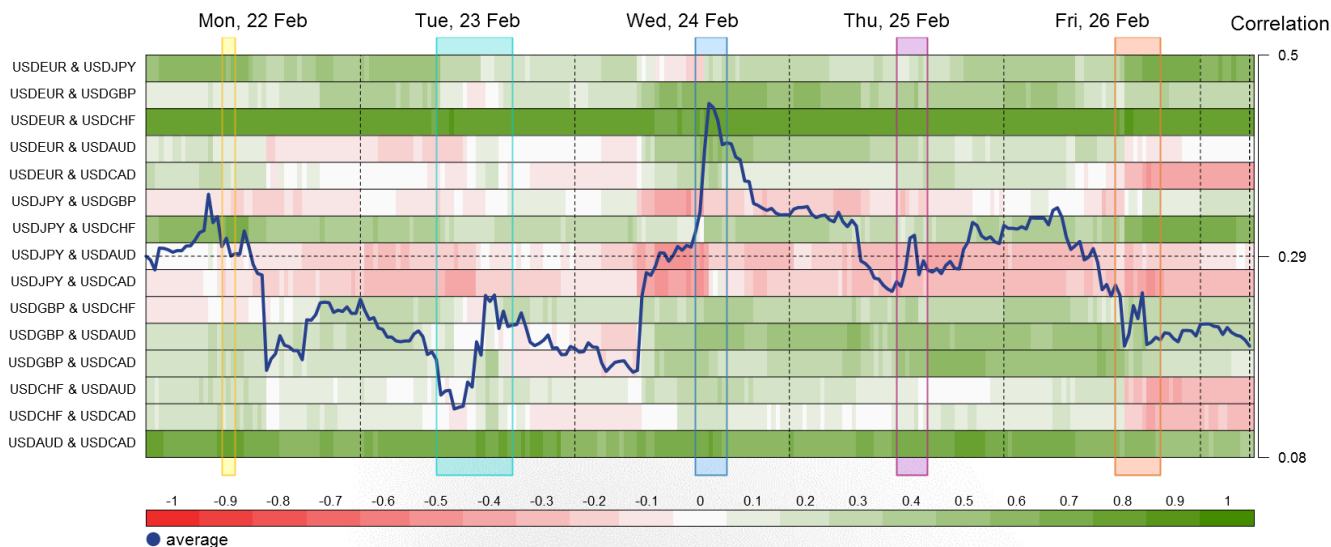
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.45	1.43	1.72	1.24	1.78	1.9	1.4	1.74	2.21	1.63
Min	0.4	0.35	0.25	0.31	0.32	0.21	0.33	0.27	0.4	0.24
Average	0.78	0.76	0.7	0.69	0.93	0.69	0.78	0.76	0.81	0.71



Currency Significance

Correlations

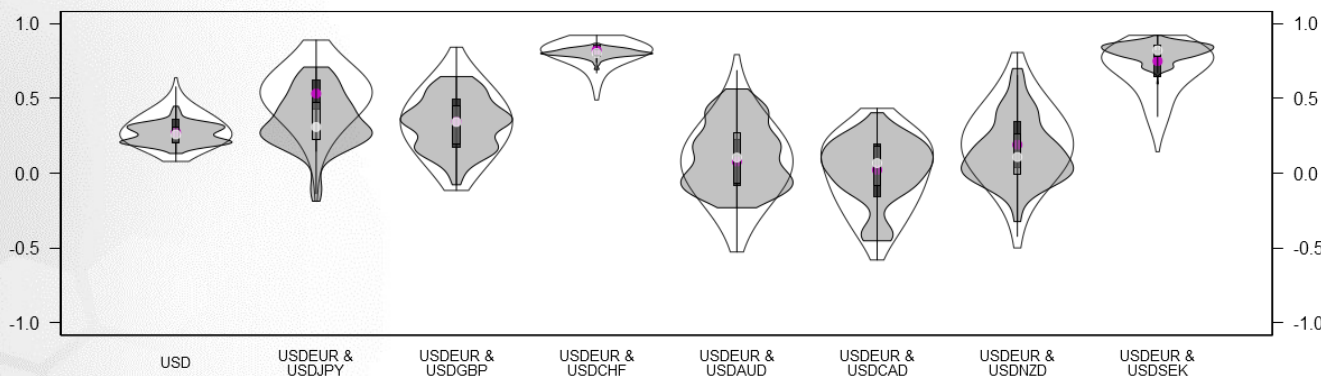


The dollar's correlation composite slid a little further below the significance threshold in the last week of February, failing to return to the strengthened levels it reached in the beginning of the month. Most of the USD/EUR components held close to zero, with only USD/CHF gauge posting a solid average 0.80. Meanwhile, correlations between the pairs containing the safe-haven and commodity currencies became more negative compared to the previous week, notably weighting the composite down on Friday

Correlations (5 vs 20 days)

despite the dollar's strong move up. Among other observed composites, the Euro's gauge held on the same levels as the dollar's, while dominating their peers were the Asia-Pacific measures.

The Greenback's composite spent most of the week below the significance threshold, spiking notably above it only on Wednesday. Then, as the data releases showed a contraction in services sector and a tumble in new home sales, the dollar fell against its peers, pushing the correlation average to the week's modest high of 0.45. Aside from that, the composite barely touched the 0.35 line, and was mostly varying in the feeble area between 0.15 and 0.25 points.

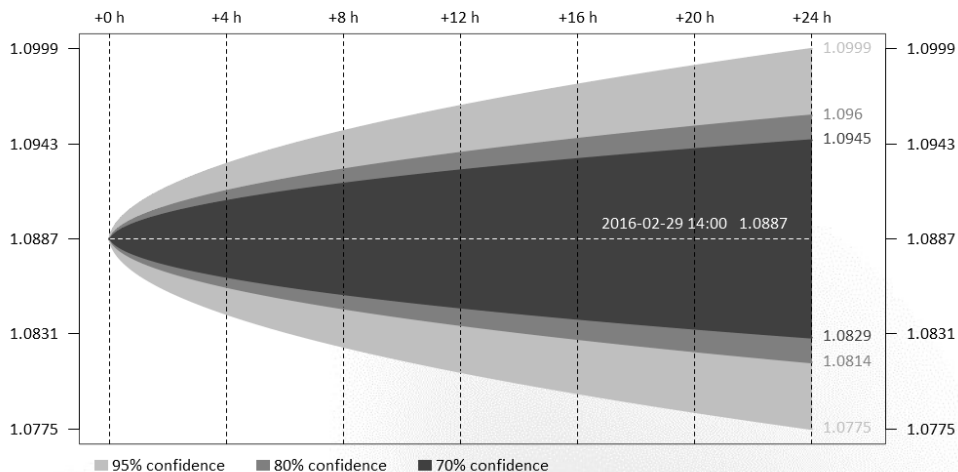


Mean Correlation Coefficient (with USDEUR)

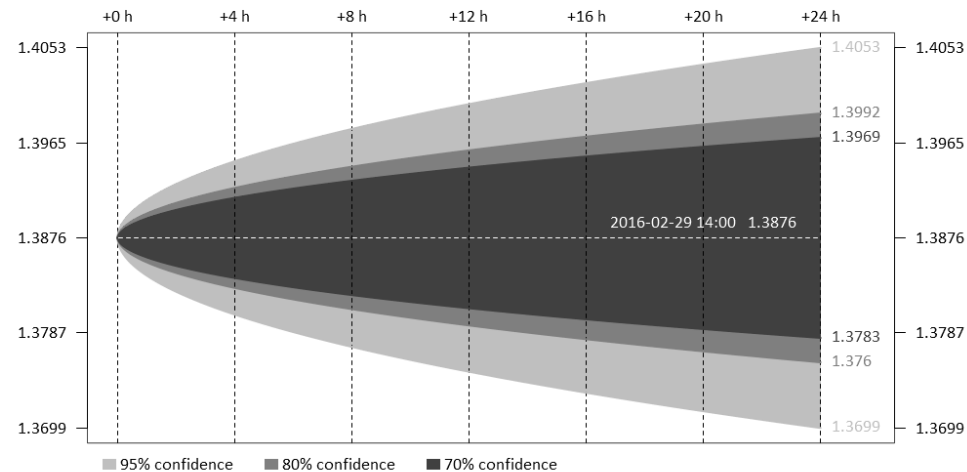
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.26	0.34	0.33	0.8	0.12	0.02	0.14	0.81
20	0.28	0.52	0.33	0.81	0.07	0	0.19	0.7
130	0.3	0.5	0.35	0.76	0.11	0.1	0.18	0.71
250	0.41	0.49	0.47	0.75	0.32	0.3	0.35	0.75

Confidence Intervals for Next 24 Hours

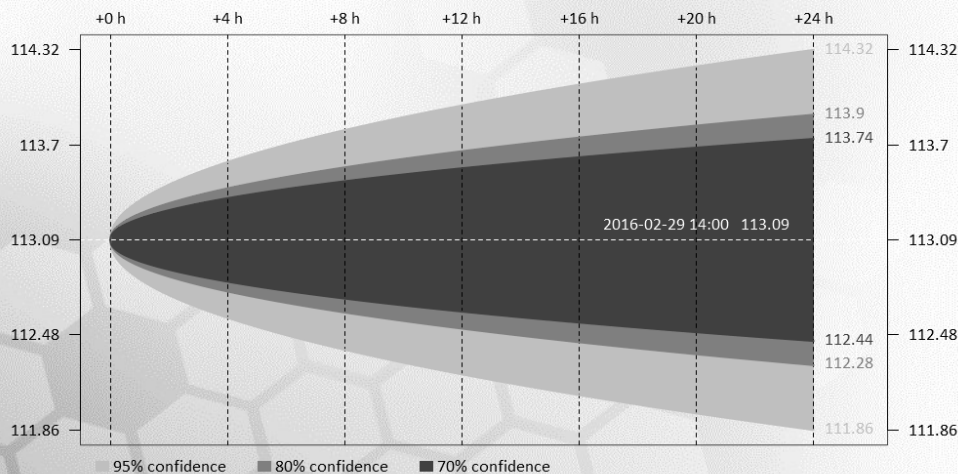
EURUSD Potential Rates



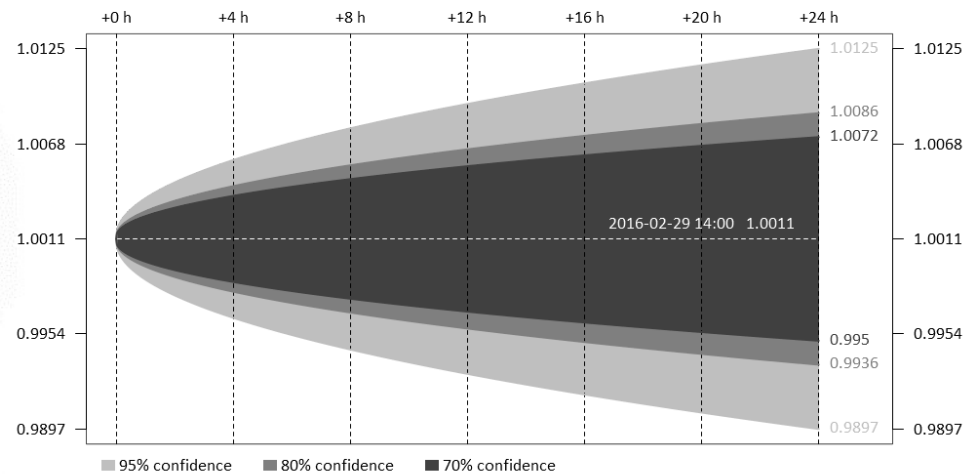
GBPUSD Potential Rates



USDJPY Potential Rates



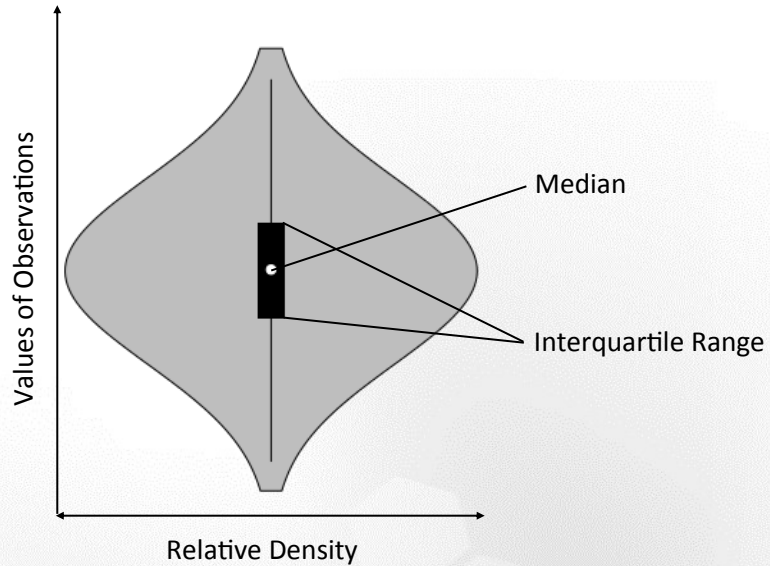
USDCHF Potential Rates



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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