



USD

11/04/2016



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Market Research





Dominant Events of the Period

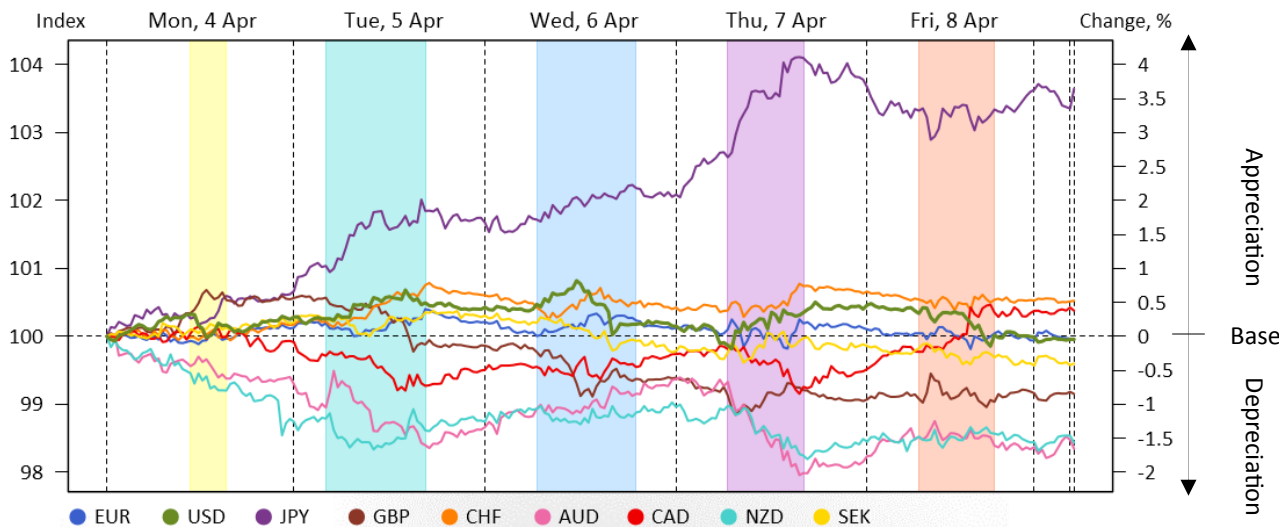
Yellow Area	Turquoise Area	Blue Area	Purple Area	Orange Area
April 4	April 5	April 6	April 7	April 8
11:00 - 15:00	03:30 - 16:30	06:30 - 18:30	06:00 - 16:00	06:30 - 16:00
<ul style="list-style-type: none"> US Labour Market Conditions Index, Factory Orders BoC Governor Poloz's Speech 	<ul style="list-style-type: none"> RBA Interest Rate Decision, Rate Statement EMU Markit Services PMI, PMI Composite US Trade Balance, Markit Services PMI, PMI Composite, ISM Non-Manufacturing PMI 	<ul style="list-style-type: none"> Non-monetary Policy ECB Meeting RBA Assistant Governor Kent's Speech Canadian Ivey PMI FOMC Minutes 	<ul style="list-style-type: none"> ECB Monetary Policy Meeting Accounts, President Draghi's Speech US Jobless Claims 	<ul style="list-style-type: none"> Swiss CPI UK Manufacturing Production, Industrial Production Canadian Housing Starts, Participation Rate, Net Change in Employment, Unemployment Rate

USD Currency Index Change	-0.16%	0.24%	-0.29%	0.48%	-0.32%
Max USD Volatility Index	1.19	1.42	1.74	1.61	1.36



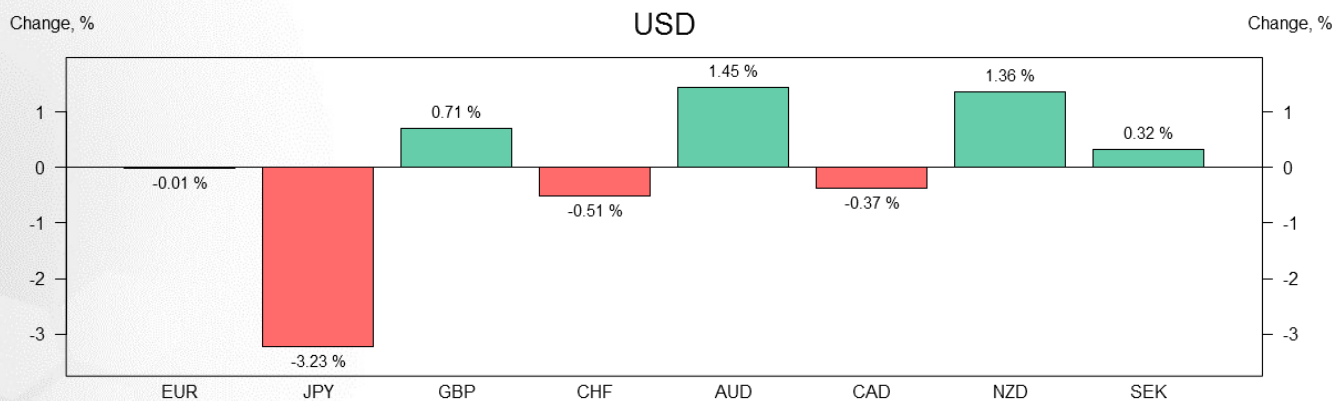
Relative Currency Strength

Currency Indexes



The past week was slow for the observed indexes, as most of them held parallel to the baseline in the narrow range between -1% and +1%. Notable exceptions were the three Asia-Pacific gauges. The yen's index steadily appreciated throughout the trading week against the background of growing concerns about the Fed's interest rate future as well as slumping crude oil prices and soured sentiment in stock market. Such conditions weakened the yen's main counterparts, and allowed its index to gain more than 3.5% over the base value. Meanwhile, the Pacific currencies became the main losers, with their indexes finishing the week below the 98.5 level.

The Greenback's index was one of those gauges that were fluctuating close to the baseline during the week. While the USD Index spent most of the time on the positive side of the line, it barely reached the 100.8 mark in its highest point, which cannot be called strong performance after a 2% drop that followed the Fed's Chair's dovish comments in the previous week. During the week, the dollar showed feeble responses to the data releases such as disappointing factory orders and higher-than-expected PMIs, and the most notable reaction, along with the overall tone for the currency's behavior, was set by the Fed's caution over the world economy and the upcoming interest rate decision.



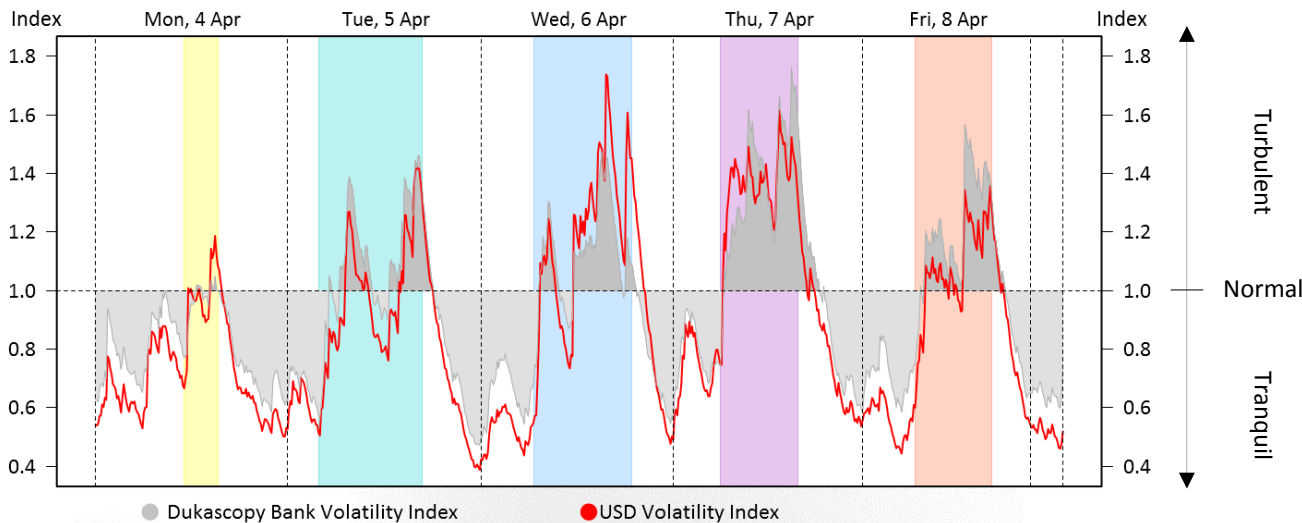
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.03%	-0.04%	3.64%	-0.85%	0.53%	-1.65%	0.38%	-1.56%	-0.4%
20	0.75%	-1.64%	4%	-3.75%	1.87%	-2.14%	0.33%	-0.78%	0.86%
130	-0.5%	-0.87%	11.12%	-9.8%	0.04%	2%	-1.35%	0.56%	-0.45%
250	6.83%	-1.25%	10.73%	-5.29%	1.69%	-2.77%	-4.9%	-12.57%	7.55%



Volatility

Volatility



Activity on the market continued to grow compared to the previous periods, and the aggregate volatility index spent over one third of the week in the turbulent area. A similar tendency was observed among the individual measures, for which most readings ranged between 33% and 40%. Notable exceptions were the yen's and the Kiwi's gauges. The former posted a 55% portion of elevated volatility, mostly fuelled by the currency's rapid growth on Tuesday and Thursday and some fluctuations seen on Friday. The Kiwi, in turn, was the calmest of the observed currencies, as it evened out after the previous week's surges and only managed to hold its volatility measure above

the 2-week average for 19% of the time.

Meanwhile, with the overturbulence portion of 33%, the dollar was among the least volatile majors. Its index kept below the market average during all strong volatility splashes save Wednesday's, when it reached above the aggregate value with two notable spikes. The first one was building on throughout the afternoon, as the Greenback was sliding down ahead of the FOMC minutes release, and eventually put the measure at the period's highest mark. The second, in turn, was the result of a much sharper move, when the dollar zigzagged in the 20 minute window after the long-awaited release brought another wave of the Fed's dovishness into the market.

Elevated Volatility (% of the observed period)

Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK	
	37	33	33	47	37	30	37	33	17	28

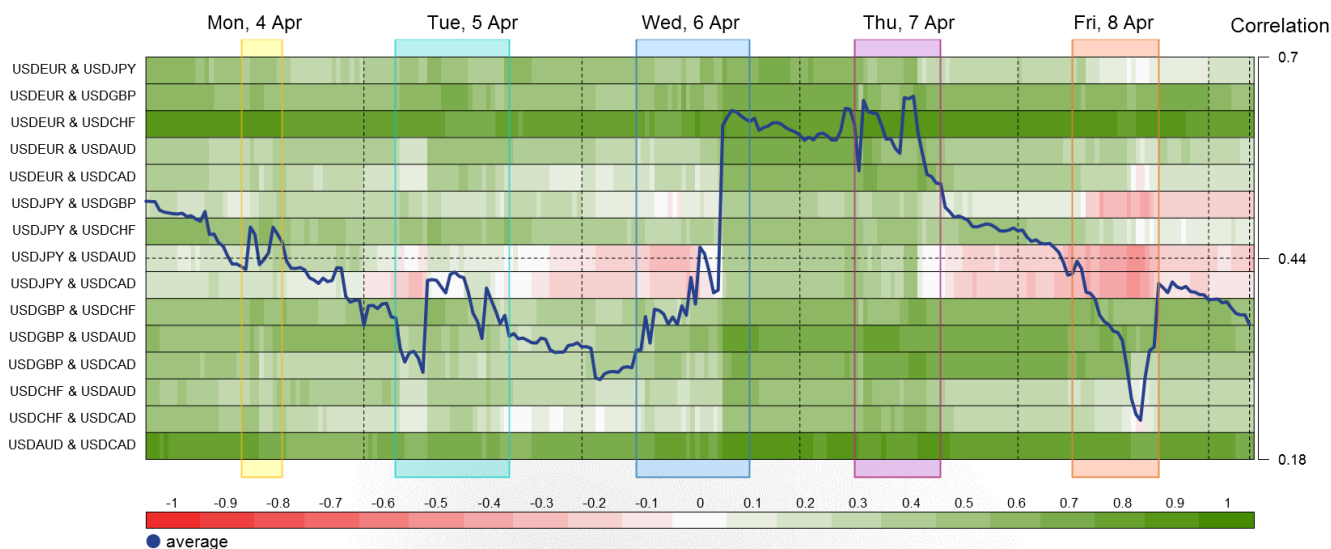
Volatility Index (for the observed period)

	Market	USD	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	USDCAD	NZDUSD	USDSEK
Max	1.76	1.74	2.12	2.16	2.21	2.03	1.89	2.35	1.6	1.75
Min	0.47	0.39	0.32	0.49	0.23	0.27	0.35	0.27	0.3	0.25
Average	0.93	0.86	0.89	1.03	0.85	0.83	0.9	0.85	0.76	0.82



Currency Significance

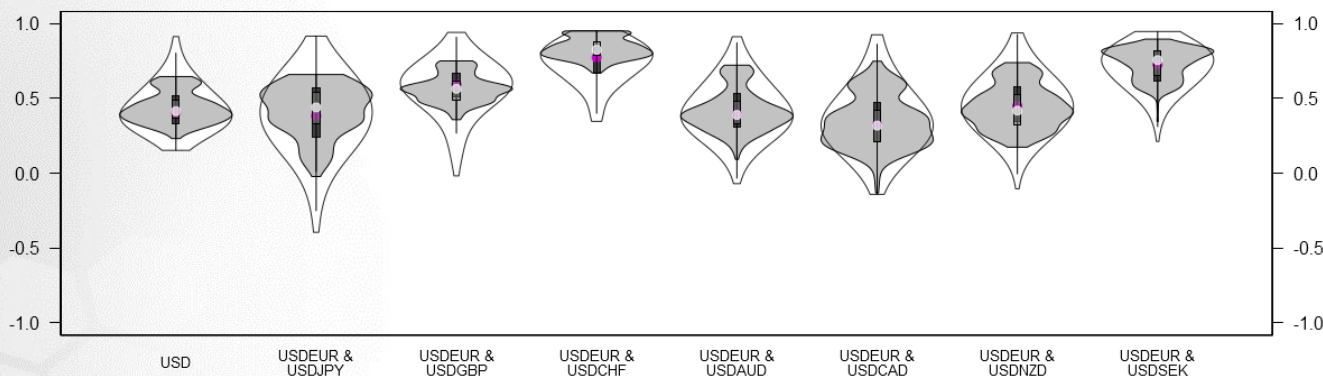
Correlations



Despite a notable uplift in the middle of the period, the Greenback's significance measure showed a general downward trend, falling to its lowest levels at the end of the week, when the yen's movements pushed the USD/JPY components into the negative area. The USD/EUR components, in turn, did not suffer any dramatic changes. On average, the pair's bonds with other European currencies containing rates strengthened, with the corresponding means gaining 0.02-0.11 points on the previous values, while the readings for the commodity currencies components lost 0.06-0.12 points.

The dollar's correlation composite started to decrease in the very beginning of the period, sliding throughout the whole Monday. On Tuesday, the composite made a feeble attempt to recover as the Greenback started to strengthen, but the movement reversed soon after, and the measure continued to fall until early Wednesday. There the anticipation of the FOMC release pushed the composite to the 0.63 mark, and it held the level till the next day. Then, as the dollar's movements evened out, the composite turned south again, dipping to the week's low of 0.23 on Friday and eventually finishing the period at the 0.35 mark.

Correlations (5 vs 20 days)

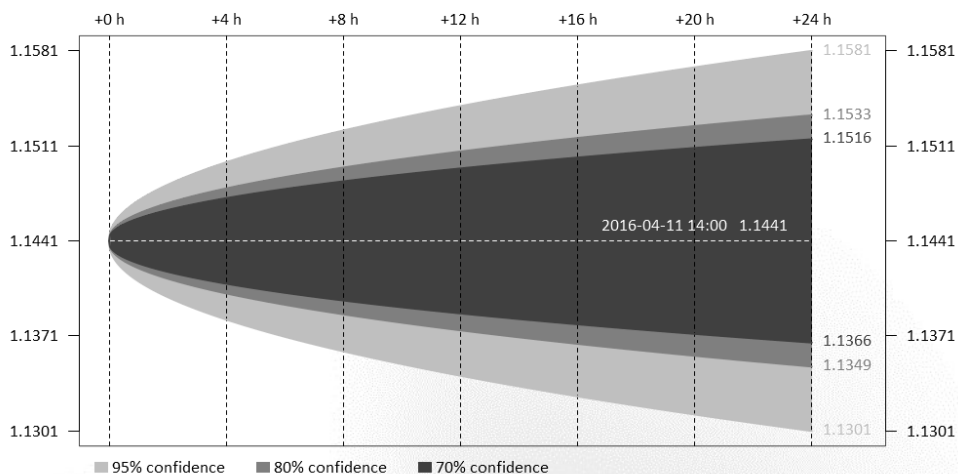


Mean Correlation Coefficient (with USDEUR)

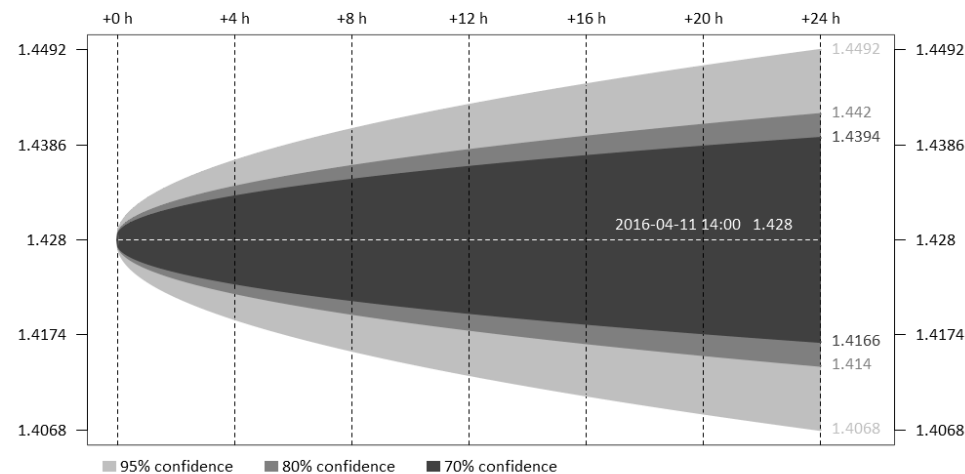
Days	USD	USDJPY	USDGBP	USDCHF	USDAUD	USDCAD	USDNZD	USDSEK
5	0.44	0.42	0.57	0.83	0.42	0.34	0.44	0.73
20	0.43	0.39	0.57	0.75	0.42	0.35	0.46	0.71
130	0.33	0.48	0.39	0.76	0.17	0.14	0.23	0.71
250	0.39	0.48	0.46	0.75	0.29	0.27	0.32	0.74

Confidence Intervals for Next 24 Hours

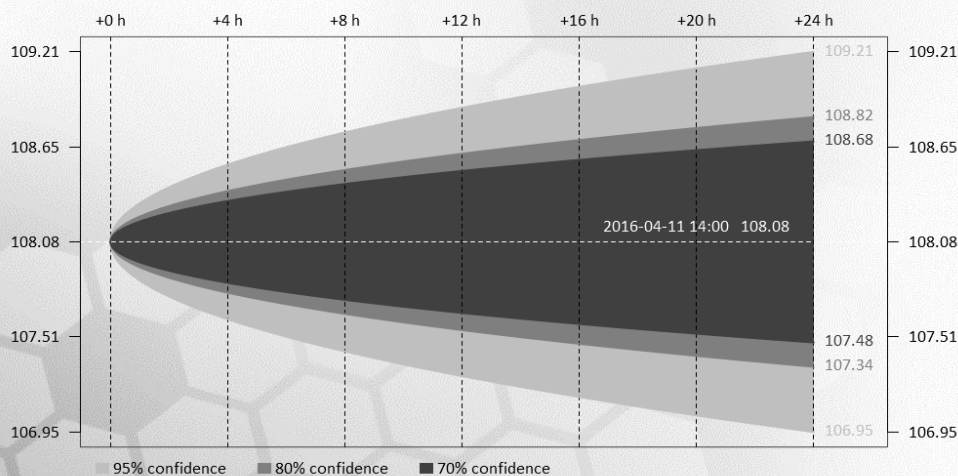
EURUSD Potential Rates



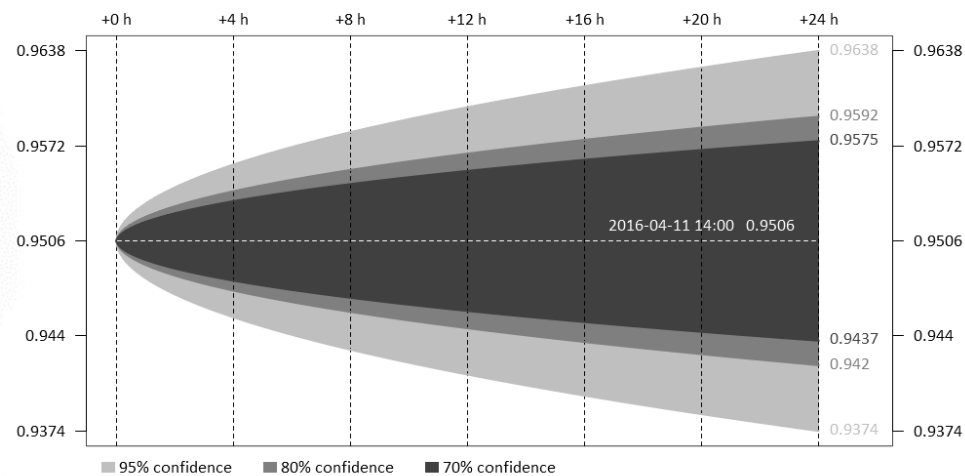
GBPUSD Potential Rates



USDJPY Potential Rates



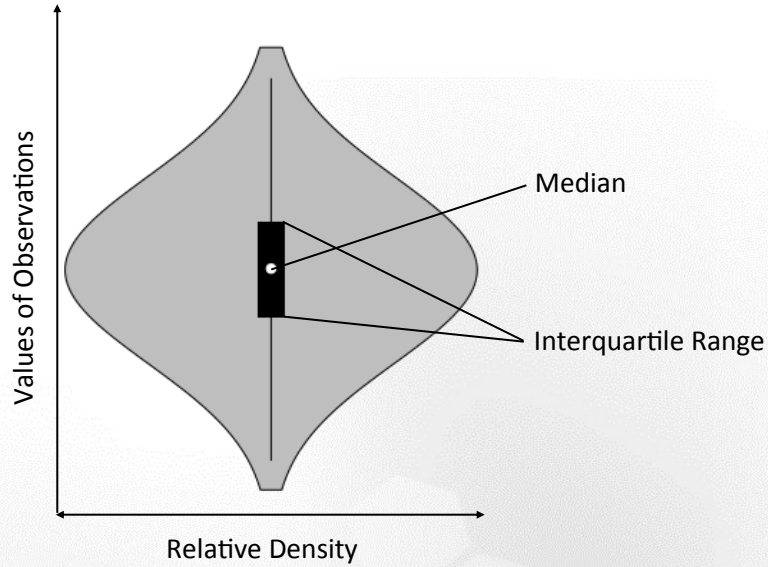
USDCHF Potential Rates



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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