

13/04/2016

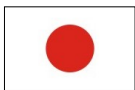


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RESEARCH PRODUCTS



Market Research





Dominant Events of the Period

Yellow Area

April 6

01:30-18:30

- FOMC Meeting Minutes
- FOMC Members Mester and Bullard Speak
- Canadian Ivey PMI

Turquoise Area

April 7

01:30 - 16:30

- BOJ Governor Kuroda Speaks
- Fed Chair Yellen Speaks
- ECB President Draghi Speaks
- ECB Meeting Accounts

Blue Area

April 8

04:30 - 16:30

- Japanese Current Account
- FOMC Members George and Dudley Speak
- UK Manufacturing Production and Trade Balance
- Canadian Employment Change

Purple Area

April 11

00:30 - 16:00

- BOJ Governor Kuroda Speaks
- FOMC Member Dudley Speaks
- US Treasury Secretary Lew Speaks
- Fed Announcement

Orange Area

April 12

01:00 - 16:30

- Australian NAB Business Confidence
- UK CPI
- US Import Prices

JPY Currency Index Change

0.41%

1.66%

-0.01%

-0.42%

-0.86%

Max JPY Volatility Index

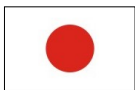
1.57

2.2

1.89

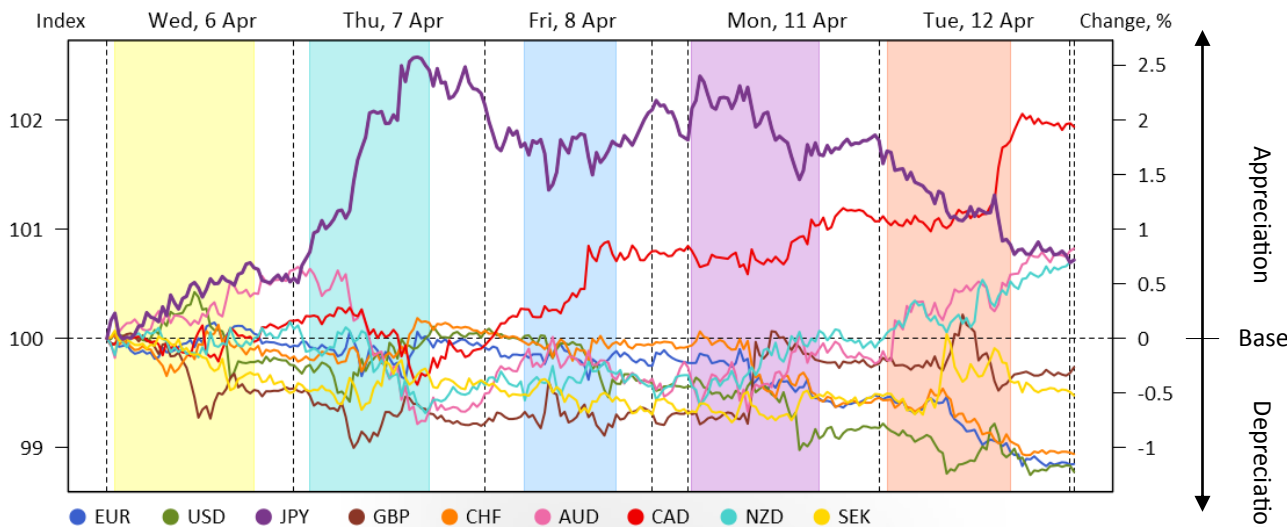
1.89

1.69



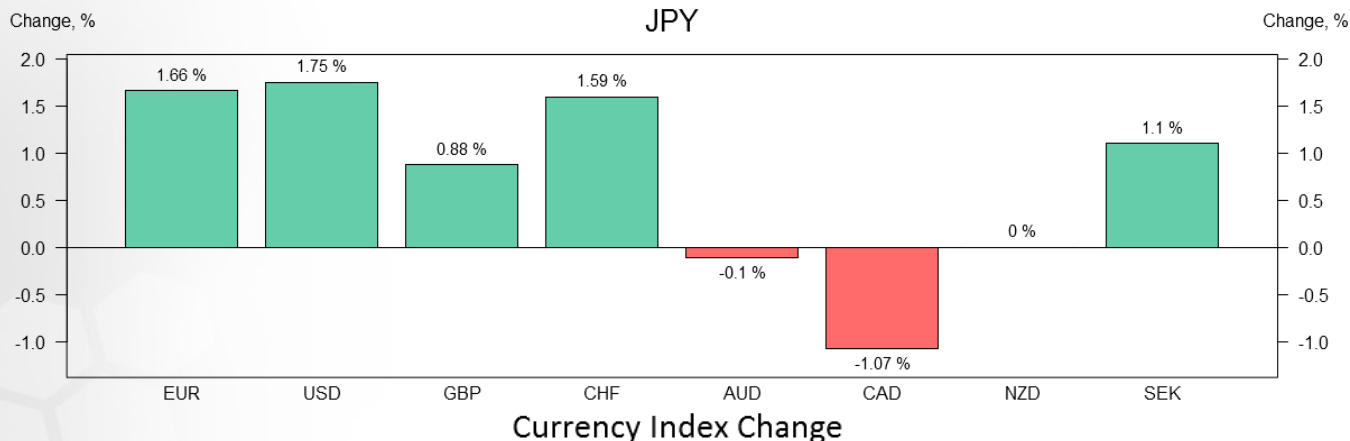
Relative Currency Strength

Currency Indexes



Until the end of calendar week ended April 8, the Yen, without any suspicion, was the best-positioned currency across the board, given shaky conditions under which it was forced to trade. Analysts are concerned about efficiency of the Bank of Japan's negative interest rate policy and success of Abenomics. Some crosses have risen to the highest level since 2014, definitely in favour of the Yen. Another active component was the Canadian Dollar, which eventually became the boss of the period, by outpacing its Japanese peer on Tuesday amid clambering oil prices. In the meantime, others have remained widely silent and hovered, for the most part, below the base line.

At its peak the JPY Index was placed above 102.5 points, after on Thursday of the previous week this currency appreciated by about two percent, on average, against other G9 currencies. The total number of Yen-short positions was curbed to multi-period minimal levels, which initiated such a rapid upward change in this currency's value. However, risk-on market sentiment was back on Friday and JPY started correcting lower. Although all losses have not been utterly erased by Tuesday -end, the Yen was doing poorly enough in order to finish only in the third place with an advance of 0.72%. Both the Aussie and Loonie climbed more, with oil prices rebounding amid speculations that Saudi Arabia and Russia have reached a deal to freeze the output.

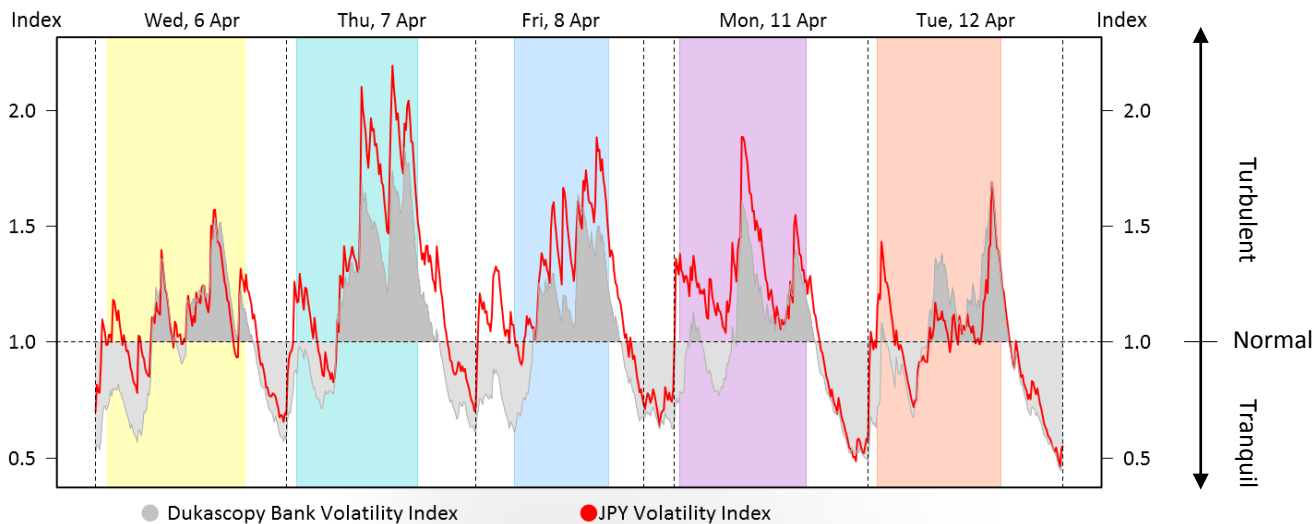


Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-1.15%	-1.22%	0.72%	-0.26%	-1.06%	0.82%	1.94%	0.71%	-0.52%
20	-0.44%	-3.3%	1.39%	-2.23%	0.41%	0.14%	1.87%	2.43%	0.05%
130	-1.71%	-1.64%	9.23%	-9.48%	-1.58%	5.25%	0.32%	1.74%	-0.91%
250	5.9%	-2.03%	9.34%	-4.86%	0.69%	-1.55%	-3.77%	-11.42%	7.69%



Volatility

Volatility



Owing to extreme changes, at first to the upside and then to the downside, that the Japanese currency has experienced over the last five trading days, it has also managed to lift its volatility gauge quite considerably. Throughout two thirds of all period's time the Yen's Volatility Index stood above 1.00 points, while for the whole market this indicator hit only 48%. Nevertheless, this was a adequate enough turbulence in order to drive the FX market's overall volatility to the maximum level in five years. Among especially volatile crosses, it is worth mentioning the AUD/JPY (72%) component, even though Australia has not had any dominant events over the last five days.

Turbulence began growing from the very first moments of the period, while Wednesday's peak was reached by the time the FOMC meeting minutes were out. They showed the participants had discussed possibility of the rate hike in April, but economists continue supposing it is unlikely. As for Thursday, the JPY Volatility Index jumped to the weekly apex of 2.20 points. Earlier the same day the Prime Minister of Japan Shinzo Abe noted that his country wants to avoid competitive devaluation of the Yen and arbitrary interventions into the currency market. It used to be a clear green light for the bulls. Other days of the period were important too, but the peak of panic was passed and the markets calmed down to focus back on incoming macro statistics.

Elevated Volatility (% of the observed period)

Market	JPY	EURJPY	USDJPY	GBPJPY	CHFJPY	AUDJPY	CADJPY	NZDJPY	SEKJPY
48	66	62	60	68	64	72	55	54	51

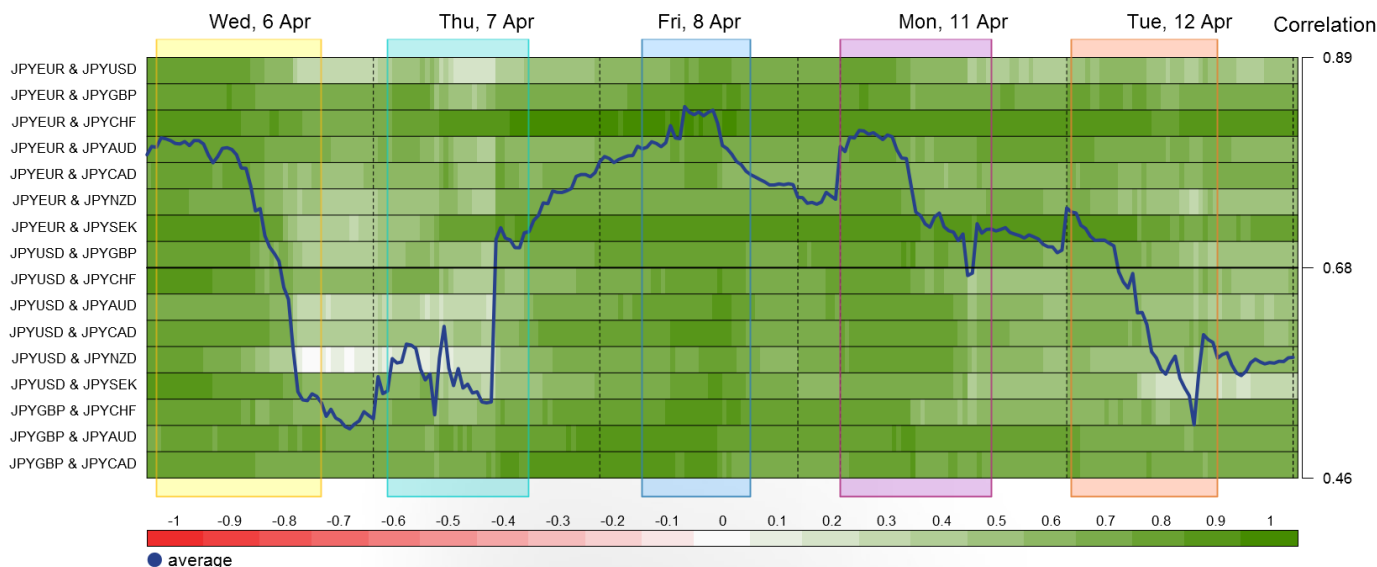
Volatility Index (for the observed period)

	Market	JPY	EURJPY	USDJPY	GBPJPY	CHFJPY	AUDJPY	CADJPY	NZDJPY	SEKJPY
Max	1.84	2.2	2.51	2.35	3.07	2.29	2.51	2.39	2.27	2.12
Min	0.44	0.46	0.41	0.37	0.41	0.47	0.41	0.31	0.59	0.42
Average	1	1.14	1.15	1.1	1.21	1.13	1.25	1.1	1.08	1.06



Currency Significance

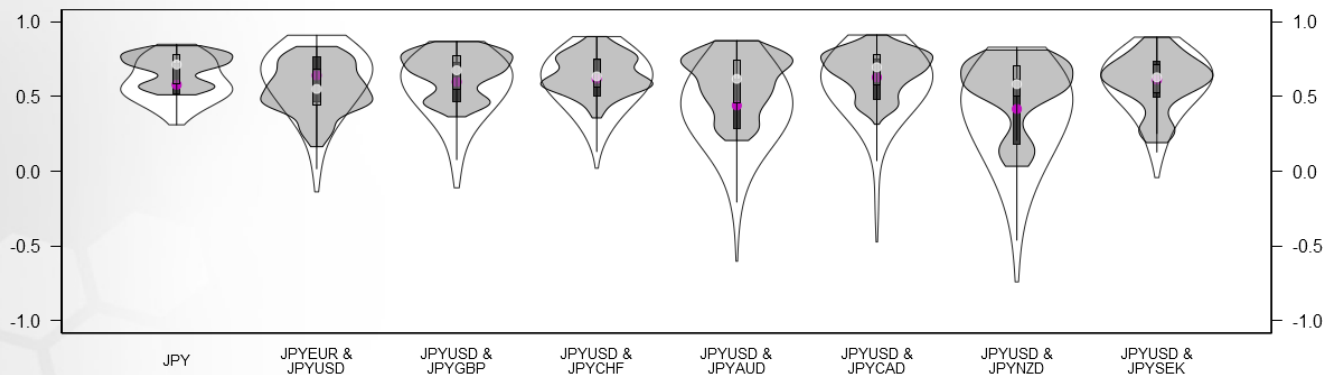
Correlations



Almost all crosses of the Yen posted a unique homogeneity of reactions to important news last week. Significance, which is displayed as the blue composite correlations' line on the chart, was one of the highest we have ever observed for the Yen. The average coefficient for all correlations came at 0.69 points, way above all multi-period means including the previous month (0.60) and year (0.45). As for longer tails among some violins, they indicate that several components attempted to violate the informal rule of uniform development the Yen established for itself.

Among them, USD/JPY's correlation with NZD/JPY was close to zero on Wednesday evening. The main reason for that was a completely sided fundamental event—meeting minutes of FOMC. While the Dollar was broadly flat in its reaction to the news, the Kiwi accelerated the rally amid increased estimates the Fed will not raise interest rates any time soon and at least until this summer. This particular correlation and several others led to a retreat of the composite to its weekly low of 0.51 points. However, it used to revive relatively quickly during Thursday's turmoil and peaked at 0.84 points by midday on April 8. With importance of Japanese news waning over the first two days of this week, the composite decided to follow with a moderate setback, but still finished near a profoundly solid level of 0.58 points.

Correlations (5 vs 20 days)



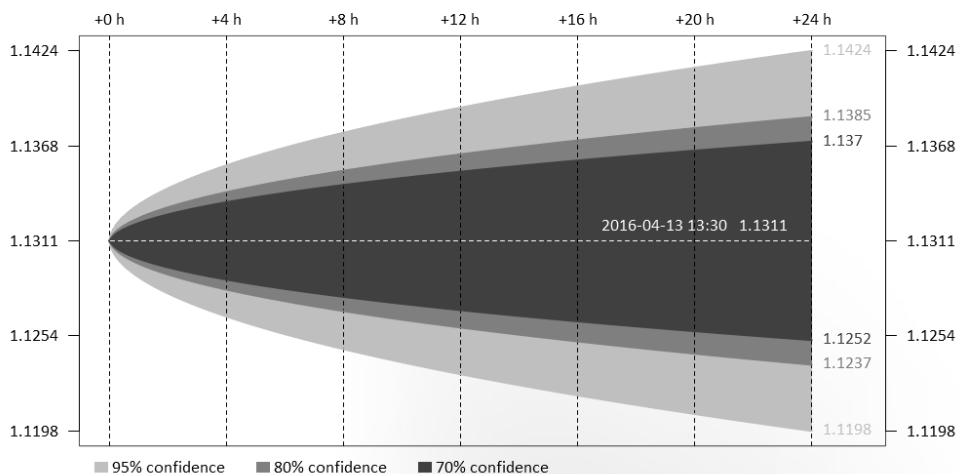
Mean Correlation Coefficient (with JPYUSD)

Days	JPY	JPYEUR	JPYGBP	JPYCHF	JPYAUD	JPYCAD	JPYNZD	JPYSEK
5	0.69	0.55	0.66	0.65	0.6	0.67	0.55	0.6
20	0.6	0.6	0.57	0.61	0.43	0.59	0.37	0.59
130	0.51	0.4	0.6	0.41	0.5	0.64	0.4	0.45
250	0.45	0.27	0.53	0.29	0.34	0.53	0.28	0.31

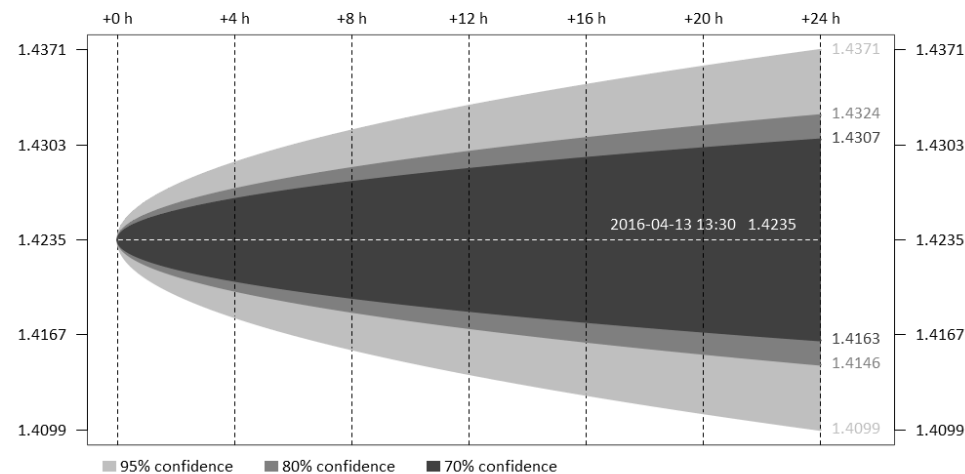
Confidence Intervals for Next 24 Hours

Wednesday, April 13, 2016
15:30 GMT

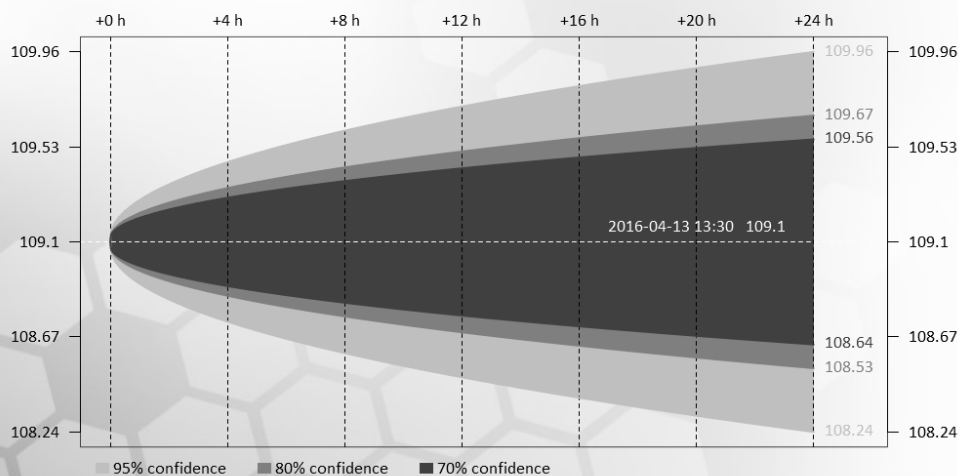
EURUSD Potential Rates



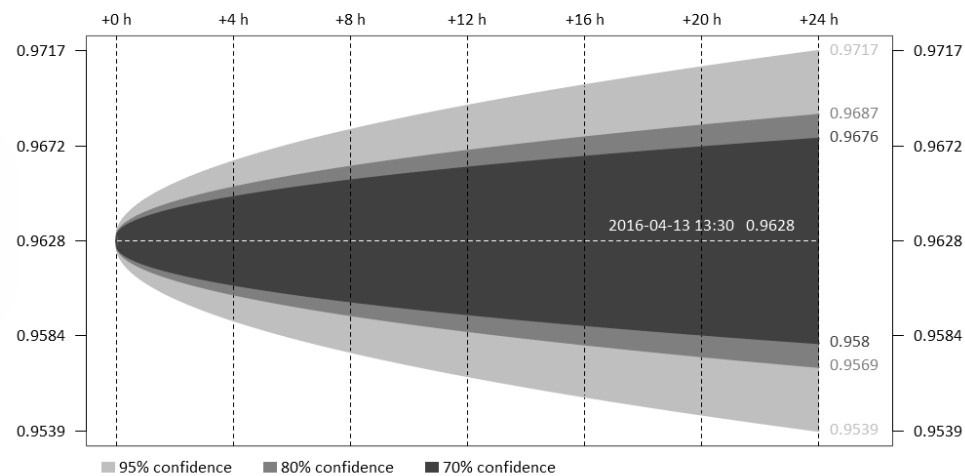
GBPUSD Potential Rates



USDJPY Potential Rates



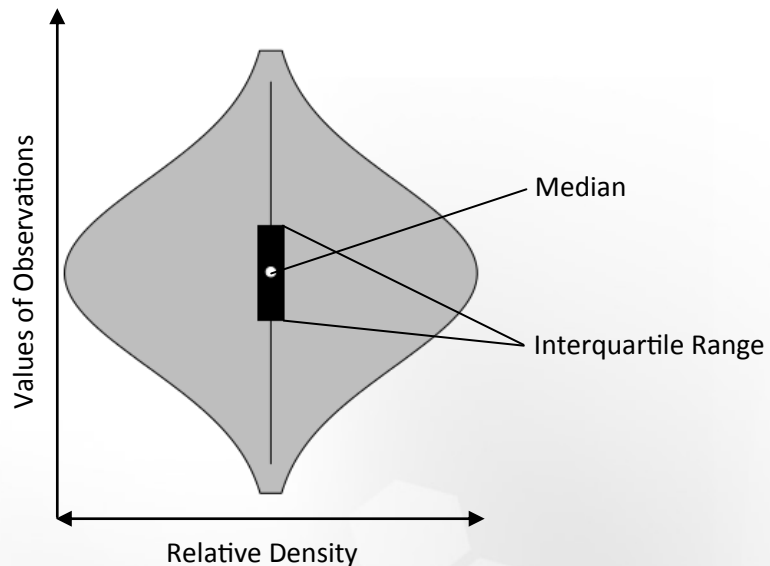
USDCHF Potential Rates



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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