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19/06/2017



Market Research

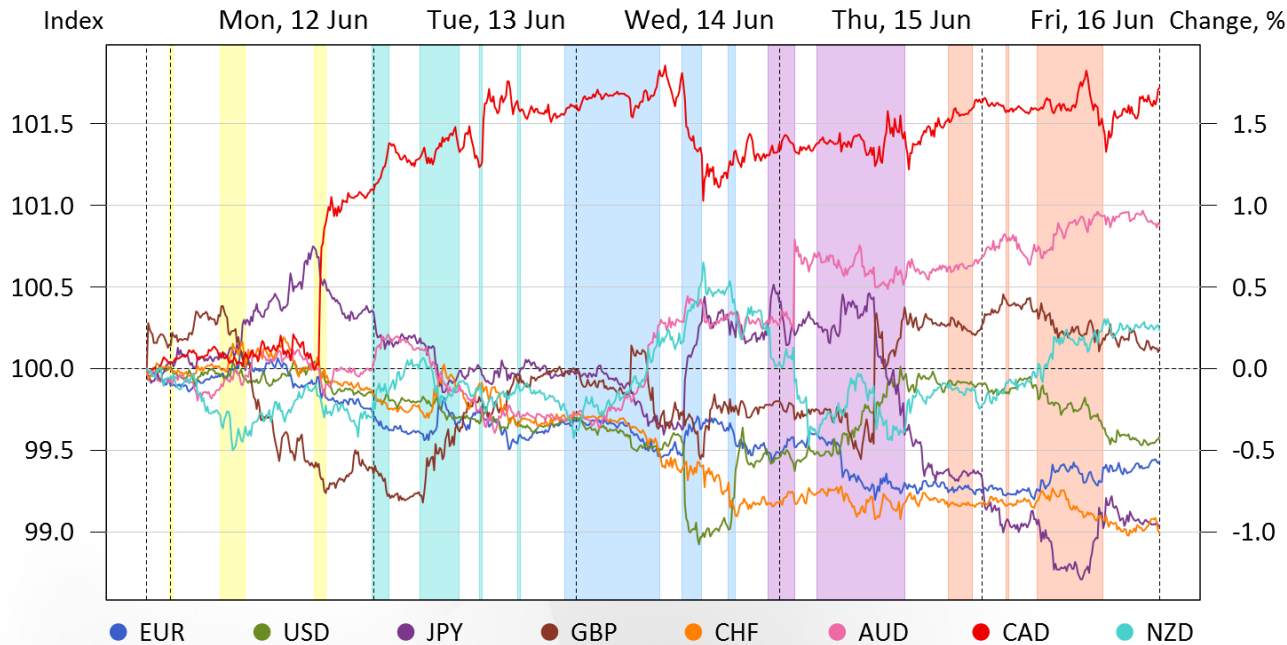


Major Events of the Period

Time (GMT)	Flag	Currency	Event	Currency Index	Volatility Peak
SUNDAY, 11 JUNE - MONDAY, 12 JUNE					
17:35		CAD	BoC Governing Council Member Wilkins' Speech	+0.97%	0.13%
TUESDAY, 13 JUNE					
08:30		GBP	CPI	+0.03%	0.06%
WEDNESDAY, 14 JUNE					
22:45		NZD	Current Account	-0.17%	0.02%
08:30		GBP	Average Earnings, Claimant Count, Unemployment Rate		
12:30		USD	CPI, Retail Sales	-0.55%	0.10%
13:30		GBP	CB Leading Index	-0.10%	0.05%
14:30		CAD	US Crude Oil Inventories	-0.33%	0.06%
18:00		USD	FOMC Statement, Rate Decision	+0.62%	0.04%
THURSDAY, 15 June					
22:45		NZD	GDP	-0.24%	0.06%
01:30		AUD	Unemployment Rate, Employment Change	+0.55%	0.14%
06:45		EUR	French Final CPI	-0.21%	0.03%
11:00		GBP	BoE Rate, MPC Vote	+0.80%	0.19%
FRIDAY, 16 June					
12:30		CAD	Foreign Securities Purchases	-0.13%	0.04%
12:30		USD	Building Permits, Housing Starts	-0.06%	0.03%
14:00		USD	Preliminary UoM Consumer Sentiment	-0.12%	0.04%

Relative Currency Strength

Currency Indexes



Currency Index Change

Weeks	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD
1	-0.57	-0.42	-0.96	0.12	-1.01	0.88	1.72	0.23
4	-1.13	-1.00	-0.64	-3.30	-1.15	1.47	1.57	4.18
26	3.64	-4.32	2.72	-1.64	1.74	0.62	-3.19	0.43
52	1.54	2.41	-4.70	-10.99	0.83	5.79	-0.43	5.54
YTD	2.68	-4.44	1.61	-0.53	0.83	1.80	-2.59	0.65

The past week was largely disappointing for the observed currencies, with most indexes remaining flat and keeping on the levels below the previous period's close. A notable exception was the Canadian Dollar's gauge, which extended the previous period's marginal 0.17% gain into a strong 1.72% weekly growth. The index shot up on Monday, when the BoC Deputy Governor's surprise comments on reevaluating the necessity of the current monetary stimulus caused speculations about an earlier-than-expected rate hike. The CAD Index added 0.97% in the hour following the news and enjoyed the week's third-largest 10-minute surge of 0.47% in its initial reaction. Afterwards the measure continue to strengthen, gaining another 0.36% when the hawkish remarks were reiterated by the BoC Governor Poloz on Tuesday, and crossed above the +1.5% line. On Wednesday, a downslide in oil prices caused the index to lose the ground it gained after the Monday surge, but the measure proceeded to recover in the following days and rose above the 101.5 points line by the end of the week.

Other commodity currencies, whose indexes dominated over their peers in the previous period, also posted positive weekly changes, but had far less support than their Canadian counterpart. Both currencies entered a moderate uptrend in the second half of the week, but the Aussie managed to notably outperform its neighbor. The AUD Index got a boost from strong employment data released on Thursday, performing the period's

second-strongest 10-minute jump of 0.55%. The Kiwi, in turn, tumbled on the same day following a surprisingly soft GDP release and barely managed to climb back above the baseline by the end of the week.

Meanwhile, the Pound, the Euro, and the US Dollar remained under pressure, with the later two holding their gauges below the baseline throughout the whole period, and the USD Index posting its fifth consecutive weekly loss. The Pound's index, on the other hand, managed to edge above the reference level, as the unexpected shift in the MPC votes fueled the week's sharpest surge of 0.76%. Only a day prior the UK employment data showed disappointing numbers for the wage growth that lacked behind the faster-than-expected accelerating inflation, and the distribution of the hold-increase vote for the BoE rate changed to 5-3, adding two more pro-hike voices. The news caused the GBP Index to add

0.80% in 20 minutes. The measure turned around in the following hour, but rebounded from the baseline and managed to hold between +0.10% and +0.50% lines until the end of the week.

On the year-to-date basis, the US Dollar's index continued to deepen its losses, with the latest readings standing at -4.44%. The Kiwi's gauge, which managed to climb out of the long-term negative area in the previous period, proceeded to strengthen its position and posted a 0.63% YTD growth. The EUR Index posted palpable weekly losses for the second period in a row, but had a solid growth reserve that peaked at +3.96% in the week ended on June 2, and thus managed to hold its YTD change at the highest level among its peers. Meanwhile, the Swiss Franc, which was declining alongside the single currency, surrendered its position to the Aussie's gauge, which outperformed the save-haven indexes with two consecutive positive weeks and raised its YTD growth to 1.80%.

The most notable change in other intervals was the JPY Index's 52-week loss that went from -1.14% to -4.70% and stood second only to the Pound's reading, which edged back to -11.00% mark after easing to -10.58% in the previous period.

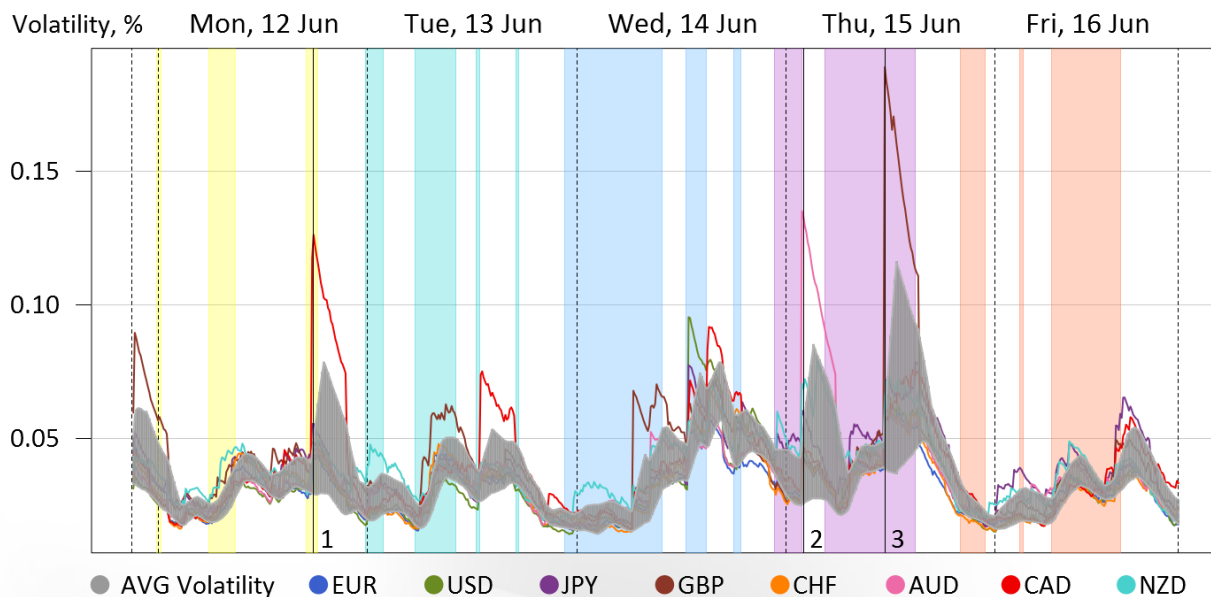
Currency Pair Weekly Change, %

Jun 12 - Jun 16

	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD
EUR		-0.13	0.38	-0.61	0.41	-1.29	-1.98	-0.72
USD	0.13		0.50	-0.47	0.44	-1.10	-1.86	-0.52
JPY	-0.38	-0.49		-0.96	0.07	-1.58	-2.30	-1.03
GBP	0.62	0.47	0.97		1.04	-0.69	-1.38	-0.15
CHF	-0.41	-0.43	-0.07	-1.03		-1.68	-2.31	-1.09
AUD	1.30	1.12	1.61	0.70	1.71		-0.73	0.51
CAD	2.02	1.90	2.35	1.40	2.36	0.73		1.39
NZD	0.73	0.53	1.04	0.15	1.10	-0.51	-1.37	

Currency Volatility

Volatility



On average, the past period was roughly as turbulent as the previous one, though the week's highest volatility peak stood almost 0.20% below the former high. Notably, both maxima were reached by the Pound's measure – the previous one in response to the UK general election results, and the one observed on past Thursday fueled by the BoE rate news. This time the Pound's surge caused its average volatility to rise only to 0.19%.

The second-highest peak was formed by the Aussie's reaction to falling jobless rate and surging employment, which took the currency's average volatility measure to 0.14%. The reaction was fairly uniform among the Aussie's pairs, with only AUD/NZD standing out with a 0.16% peak, as the move came shortly after the Kiwi's GDP-fueled fall.

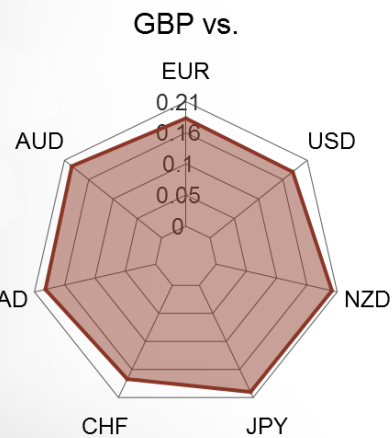
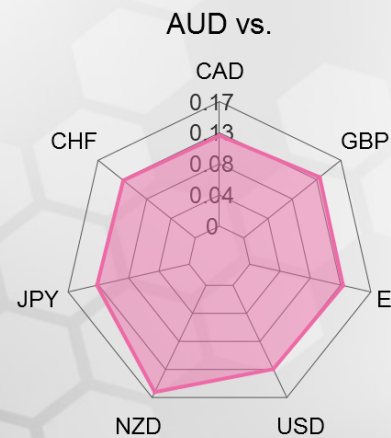
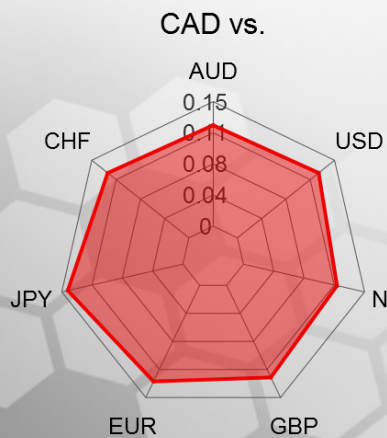
Not far below at 0.13% was the Loonie's turbulence peak caused by the currency's surge with the hawkish comments from the BoC. Here the strongest reaction was recorded for CAD/JPY, whose volatility reached 0.14%.

The rollercoaster the Greenback suffered on Wednesday resulted in a slightly prolonged volatility splash. The initial surge 0.10% came as the US CPI and retail sales badly missed forecasts, casting a shadow on the Fed's rate hike expected later the same day. However, the US policymaker proved unfazed by the data, and as the Greenback swiftly regained lost ground, there was a slight uptick in its descending volatility.

BoC Gov Council Member's Speech

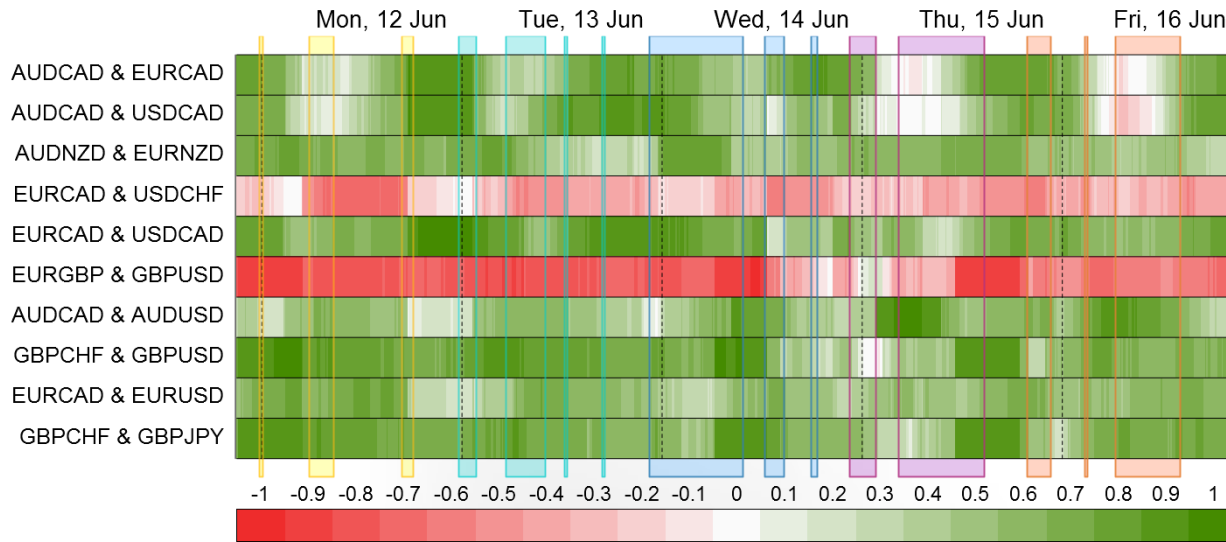
Australian Employment Data

BoE Rate and MPC Vote



Currency Pair Correlations

Rolling Correlations



The past period was marked by notable changes in the correlations, with eight out of ten chosen gauges shifting their weekly medians over 0.10 points away from the monthly readings.

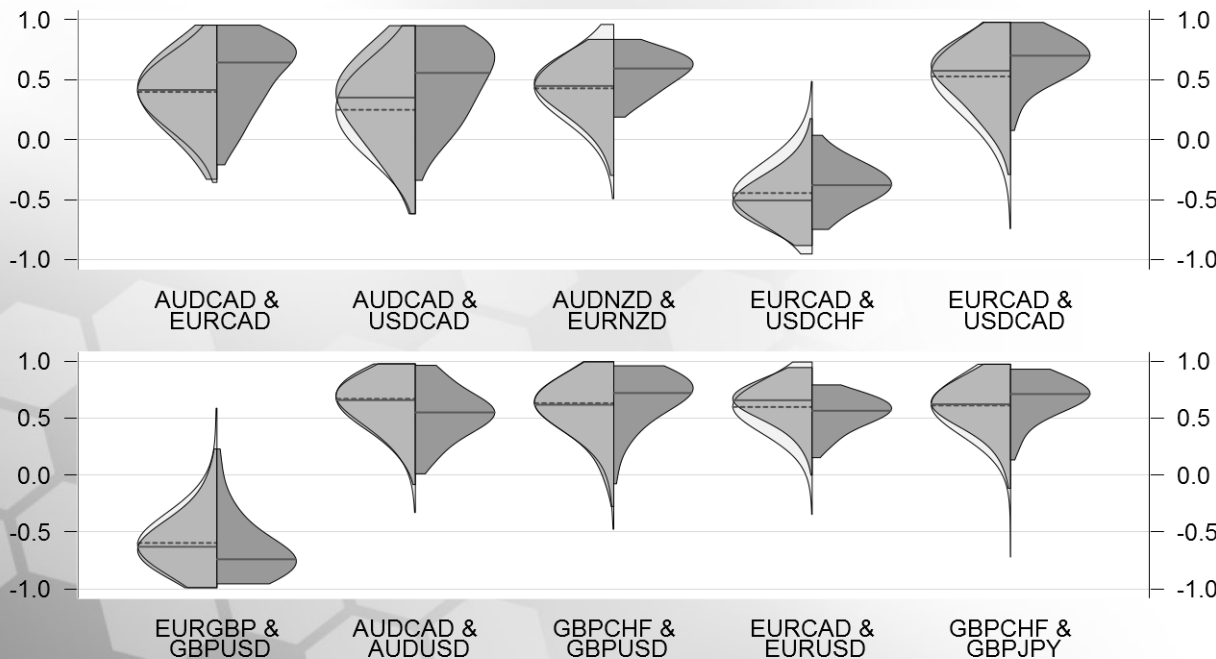
Among most prominent changes were the results of the Loonie's strong ascent, which caused the AUD/CAD & EUR/CAD and AUD/CAD & USD/CAD weekly medians to gain over 0.20 points on the monthly values, and EUR/CAD & USD/CAD weekly median to rise 0.13 points above the long-term reading. The development also had its impact on the bond between the Loonie and the Greenback, which showed signs of strengthening in the past month. The latest correlations for EUR/CAD & USD/CHF, AUD/CAD & AUD/USD, and EUR/CAD & EUR/USD fell behind the previous elevated readings, thus dropping their weekly medians 0.13, 0.11, and 0.09 points below the monthly ones, respectively.

Meanwhile, the Pound's strong moves on Wednesday and Thursday also served to strengthened the bonds between the pairs, putting the weekly medians for EUR/GBP & GBP/USD, GBP/CHF & GBP/USD, and GBP/CHF & GBP/JPY into the top-10 most changed medians list.

The only chosen correlation unrelated to the Loonie and the Pound was the one between AUD/NZD and EUR/NZD, whose weekly median posted a 0.15 point deviation from the monthly value and which was the only presented combination to contain the Kiwi's pairs.

Historical Correlations

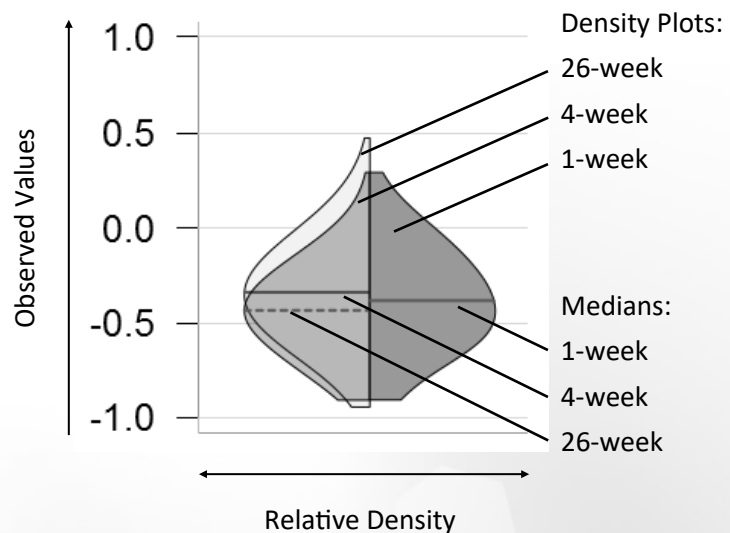
■ week ■ 4 weeks □ 26 weeks



EXPLANATIONS

Violin Plot

Violin Plot combines several rotated Kernel Density Plots for ease of comparison





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