

AUD / CAD / CHF / EUR / GBP / JPY / USD

24/07/2017












M A R K E T

RESEARCH



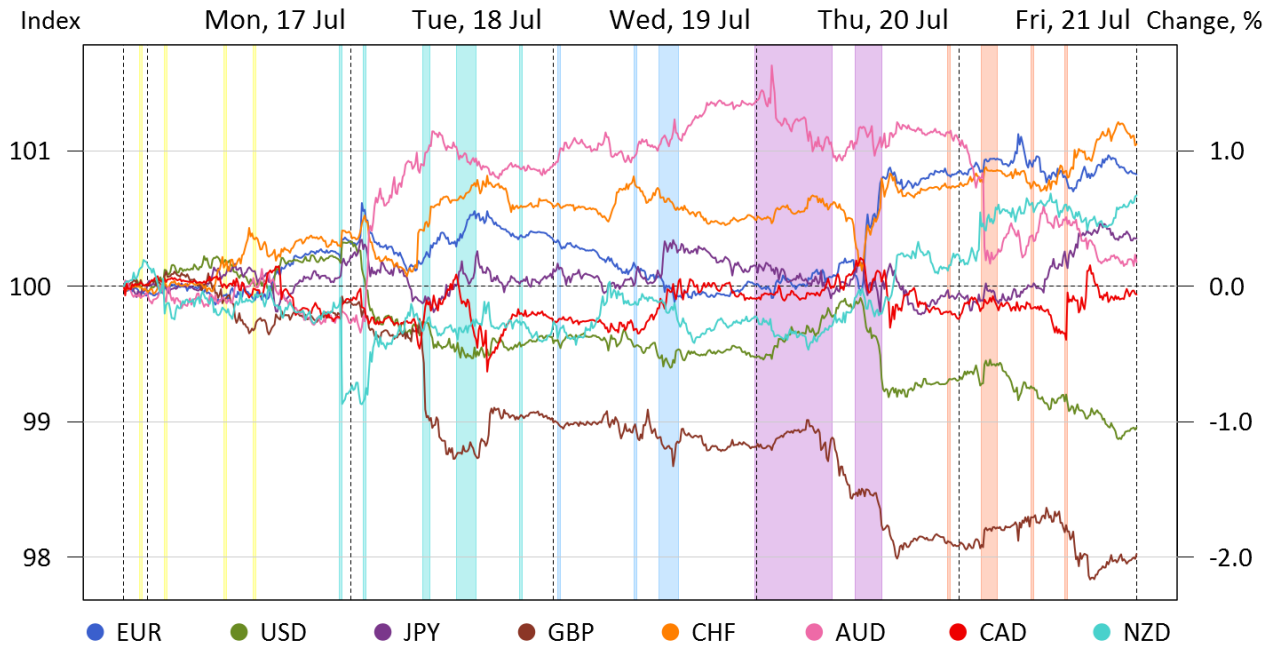
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RESEARCH PRODUCTS

Major Events of the Week

Time (GMT)	Flag	Currency	Event	Currency Index	Volatility Peak
MONDAY, 17 JULY SESSIONS					
02:00		AUD	Chinese GDP, Industrial Production, Retail Sales	+0.11%	0.04%
TUESDAY, 18 JULY SESSIONS					
22:45		NZD	CPI	-0.79%	0.19%
01:30		AUD	RBA Monetary Policy Minutes	+0.71%	0.11%
08:30		GBP	CPI	-0.42%	0.10%
WEDNESDAY, 19 JULY SESSIONS					
14:30		CAD	US Crude Oil Inventories	+0.08%	0.05%
THURSDAY, 20 JULY SESSIONS					
01:30		AUD	Employment Change, Unemployment Rate	+0.28%	0.07%
12:30		EUR	ECB Press Conference	+0.49%	0.08%
FRIDAY, 21 JULY SESSIONS					
02:40		AUD	RBA Assistant Governor Debelle's Speech	-0.65%	0.13%
12:30		CAD	CPI, Retail Sales	+0.30%	0.09%

Relative Currency Strength

Currency Indexes



Currency Index Change

Weeks	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD
1	0.83	-1.04	0.35	-1.98	1.05	0.18	-0.06	0.67
4	1.65	-3.04	-2.86	-0.59	-0.25	2.04	3.41	-0.35
26	4.58	-5.31	-1.91	0.43	1.29	0.02	1.64	-0.76
52	3.82	-3.08	-8.26	-4.09	1.85	3.54	2.11	4.11
YTD	4.46	-7.34	-1.54	-1.48	1.27	3.21	0.48	0.94

The past period was notable for both numerous sharp moves and persistent changes, which put the observed indexes in a relatively broad range between 97.8 and 101.6 points.

The first major move was made by the Kiwi's gauge, which suffered the week's sharpest fall of 0.79 pp in response to the late Monday CPI release putting both quarterly and annual inflation growth rate well below the central bank's projections. However, the index was quick to recover, as it returned to the pre-fall level on early Tuesday and proceeded to strengthen throughout Thursday and Friday, ultimately claiming the third-best performer's position with a 0.67% weekly gain.

The Kiwi's Tuesday recovery came in time with its Australian peer's surge. As the RBA meeting minutes showed some positive comments about the economy and revealed that the policymakers held a discussion on "neutral rate" of 3.5%, the market was quick to start speculating about a possible hike, and the AUD Index enjoyed two sharp jumps of 0.22 and 0.32 pp, triggering an eight-hour-long upsurge that took it to the 101.1 points mark and above all of its peers. The gauge peaked at the week's high of 101.6 points on Thursday, but as the uptick came in time with the mixed jobs data, it turned into a downslide in the following hours. While still managing to hold the leading position throughout the day, the AUD index was ultimately hit by the RBA Debelle's remark on the "neutral rate" discussion being "not significant". The gauge suffered the week's second-

Relative Currency Strength

sharpest 10-minute fall of 0.55 pp and finished the period with the smallest weekly gain.

Tuesday's events also set pace for the two leading gauges in the negative area. The GBP Index, which started the week on a soft footing, lost 0.34 pp as the CPI release showed the first slowdown in the UK inflation since October 2016. The fall took the gauge below its peers, and the gap was further deepened on Thursday, when the index was weighted by reported disagreements in the Brexit negotiations and slid to 98.0 points mark, to which it gravitated again at the end of the period. Political issues seemed to be the main driving force behind the weakness of the USD Index as well. The gauge started off with an uplift, but fell below the baseline on early Tuesday, when more Republican senators announced that they oppose the plan to repeal Obamacare. The development cast a shadow on the US Presidents ability to deliver on other promises, including tax cuts and spending boosts, and sent

Currency Pair Weekly Change, %

Jul 17 - Jul 21

	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD
EUR		1.65	0.43	2.46	-0.18	0.57	0.78	0.12
USD	-1.62		-1.21	0.84	-1.83	-1.07	-0.88	-1.46
JPY	-0.43	1.22		2.04	-0.57	0.15	0.38	-0.28
GBP	-2.40	-0.84	-2.00		-2.62	-1.86	-1.66	-2.32
CHF	0.18	1.86	0.58	2.69		0.74	0.99	0.36
AUD	-0.57	1.08	-0.15	1.90	-0.74		0.21	-0.45
CAD	-0.77	0.89	-0.38	1.68	-0.98	-0.21		-0.63
NZD	-0.12	1.49	0.28	2.37	-0.36	0.46	0.63	

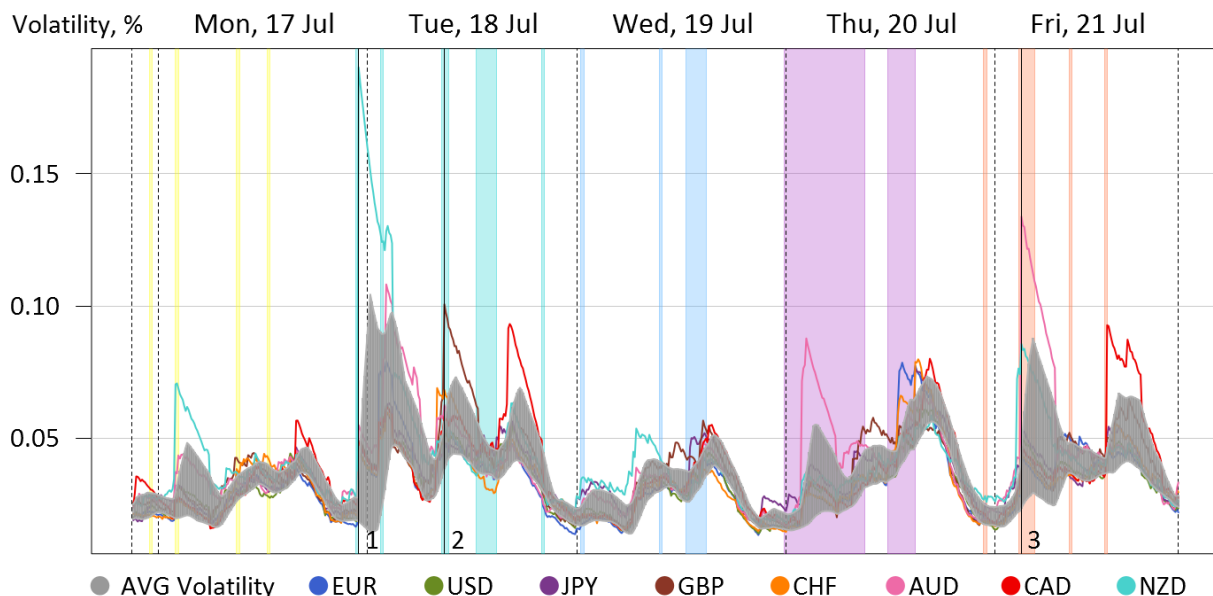
the index into a downslide. The measure managed to pare some losses and approach the baseline by Thursday noon, but lost its footing against the background of the Euro's upsurge, and finished the week below the -1.0% line.

Meanwhile, the Euro's gauge, which was holding at the baseline during the previous day, shot up as Mario Draghi's said the ECB was planning to start the discussion of the changes to the QE programme in the autumn. The initial surge took the index from 99.9 to 100.5 points, and it later rose to the 100.8 points mark, becoming the period's best performer after the Swiss Franc's measure.

On the long-term basis, the most dramatic result was showed by the Greenback's index, which deepened its year-to-date loss to 7.34% from 6.29% posted in the previous period. The new reading continues the latest pattern of sharp worsening from the negative 3.4-4.4% levels on which the value was holding in the weeks between mid-May and mid-June.

Currency Volatility

Volatility



The past period was slightly more turbulent than the previous one, in terms of both average and maximum volatility levels. The medians of all observed volatility indexes stood above 0.030%, with the greatest values of 0.034-0.036% recorded by the Pound, the Aussie, and the Kiwi.

The July 18 sessions proved to be the most conspicuous ones as they held four of the week's top-five volatility peaks. The first surge of turbulence was fueled by the Kiwi's fall, with put most of its pairs' volatility values above the 0.190% mark. A notable exception was AUD/NZD, whose turbulence measure stood only at 0.169%. The next two peaks were caused by the Aussie's surge and the Pound's negative spike and reached the values of 0.106% and 0.101%, respectively. The only peak not supported by any events in the economic calendar was the Loonie's volatility spike that reached 0.093% and was formed as the CAD Index zigzagged in the New York session.

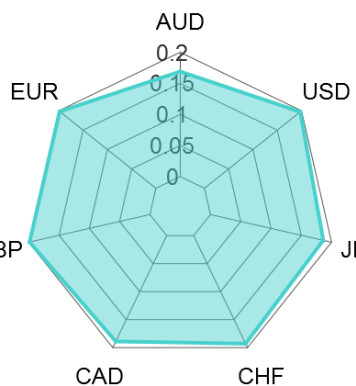
The week's second-highest peak was observed on Friday and was the result of the Aussie's fall, triggered by the RBA Assistant Governor Debelle's disheartening comments about the possible rate hike. The associated pairs' volatility stood around 0.130%, with greater turbulence of 0.143% and 0.147% recorded for GBP/AUD and AUD/USD, and another subdued reaction with 0.117% volatility coming from AUD/NZD.

New Zealand CPI

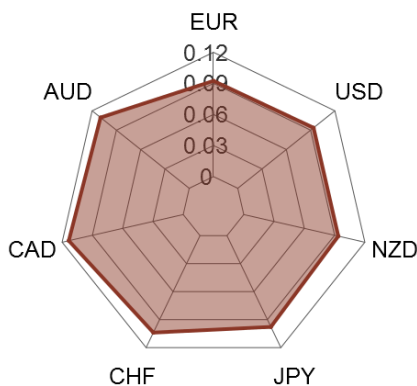
UK CPI

RBA Assist Gov Debelle's Speech

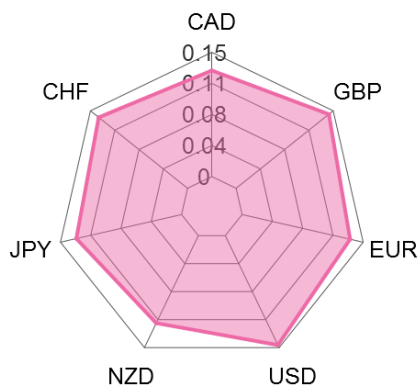
NZD vs.



GBP vs.

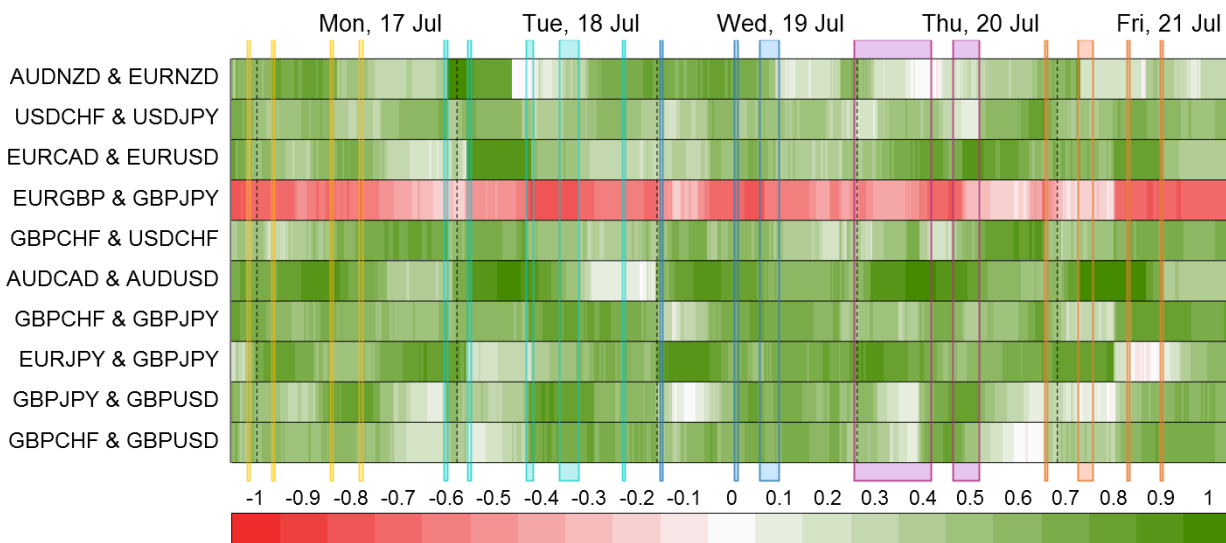


AUD vs.



Currency Pair Correlations

Rolling Correlations



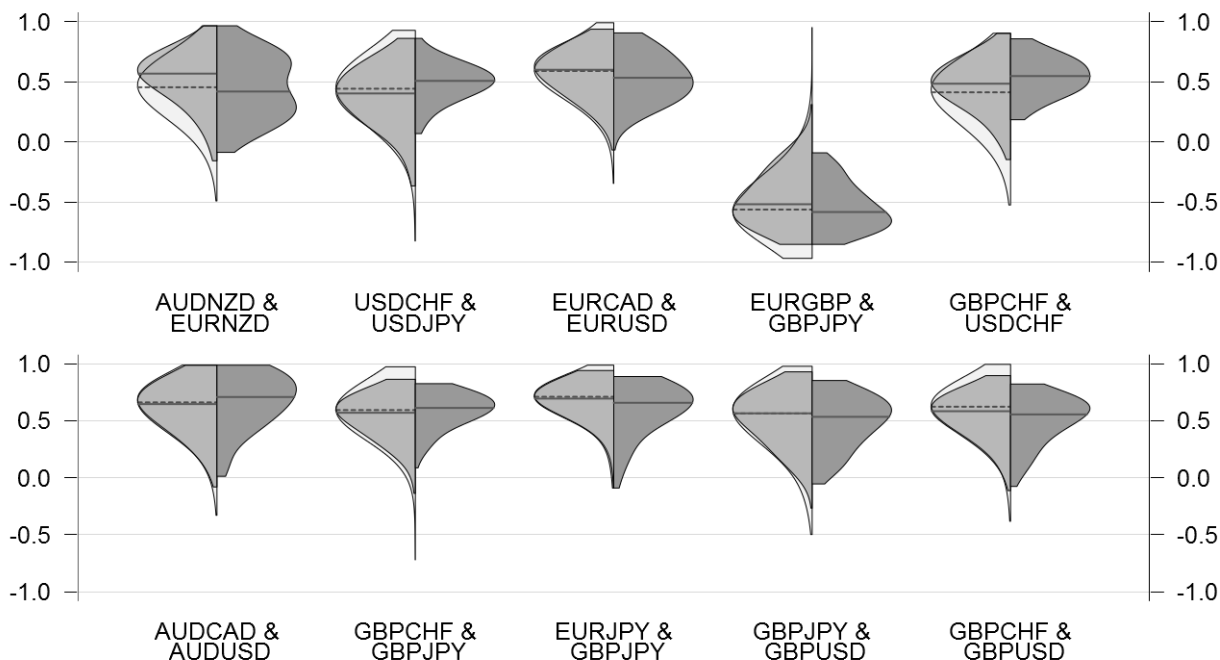
The period's numerous sharp moves produced moderate shifts in the correlation medians.

The greatest gap between the weekly and monthly medians stood at -0.145 points and was produced by the correlations between UAD/NZD and EUR/NZD. Notably, the weekly distribution of the values for the combination formed two distinctive peaks, pointing at the changeability of the relationship.

Several correlation medians were influenced by the Pound's performance. Thus, the strengthening of the bonds was observed between instruments with the Pound paired against its safe-haven peers, such as EUR/GBP, GBP/JPY, and GBP/CHF. Meanwhile, the correlations of such pairs with other crosses edged down, with the median losing around 0.03 points for EUR/JPY & GBP/JPY, GBP/JPY & GBP/USD, and GBP/CHF & GBP/USD combinations.

Interesting changes were observed in the bonds between the Greenback and the Loonie. Namely, the change in the correlation median indicating a strengthening in the combination of AUD/CAD and AUD/USD, and a weakening in the combination of EUR/CAD and EUR/USD. Such results seem to indicate an overall feebleness of the relationship between the US and the Canadian Dollars and a tendency of the currencies to be guided by their peers.

Historical Correlations — week — 4 weeks — 26 weeks

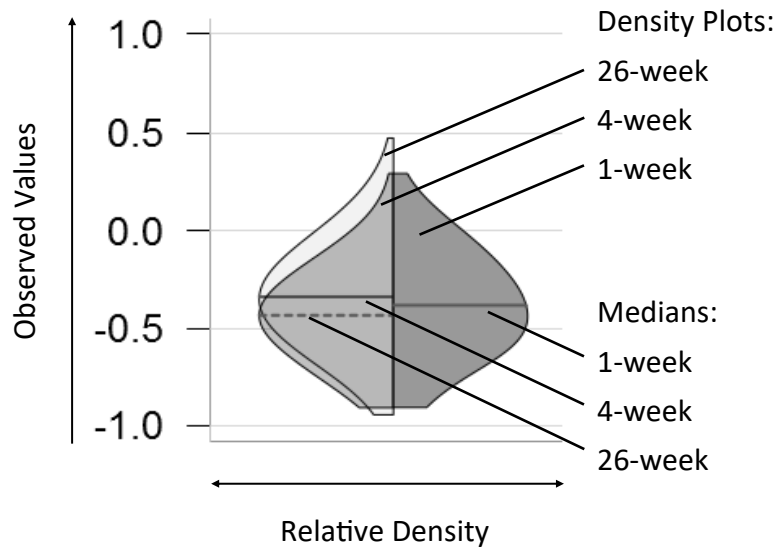


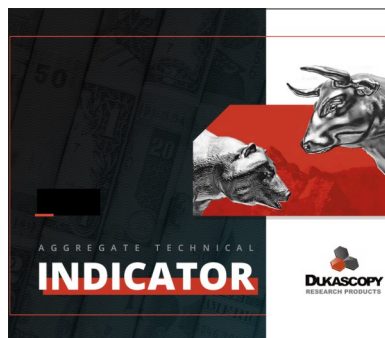
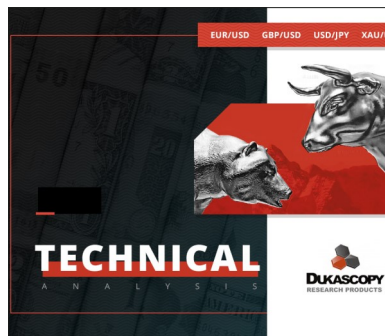
AUDCAD & AUDUSD GBPCHF & GBPJPY EURJPY & GBPJPY GBPJPY & GBPUSD GBPCHF & GBPUSD

Explanations

Violin Plot

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





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