

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

17/07/2017

















M A R K E T

RESEARCH



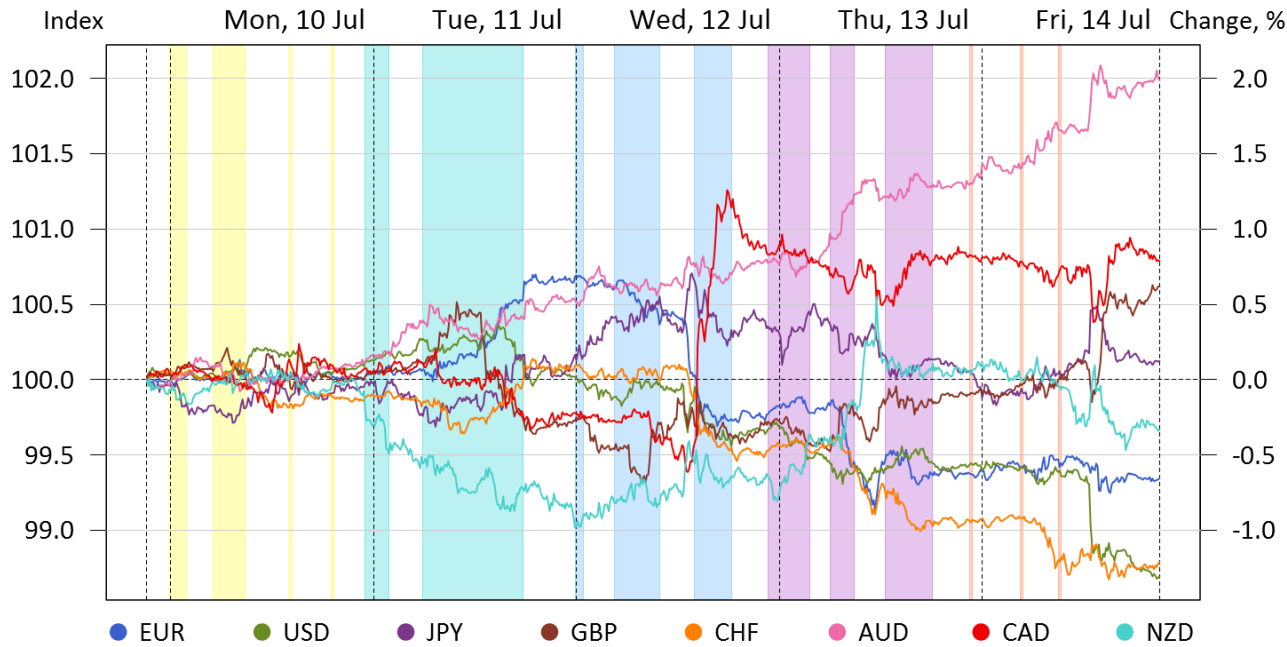
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RESEARCH PRODUCTS

Major Events of the Week

Time (GMT)	Flag	Currency	Event	Currency Index	Volatility Peak
SUNDAY, 9 JULY - MONDAY, 10 JULY					
8:30		EUR	Sentix Investor Confidence	-0.04%	0.03%
TUESDAY, 11 JULY					
12:30		GBP	MPC Member Broadbent Speaks	-0.44%	0.05%
16:30		USD	FOMC Member Brainard Speaks	-0.11%	0.04%
WEDNESDAY, 12 JULY					
8:30		GBP	Average Earnings Index 3m/y	+0.19%	0.06%
14:00		CAD	BoC Monetary Policy Report	+0.79%	0.15%
14:00		CAD	Overnight Rate	+0.79%	0.15%
14:00		USD	Fed Chair Yellen Testifies	-0.12%	0.08%
15:15		CAD	BoC Press Conference	+0.81%	0.13%
THURSDAY, 13 JULY					
12:30		USD	PPI m/m	+0.02%	0.04%
13:30		USD	Fed Chair Yellen Testifies	+0.03%	0.04%
22:30		NZD	Business NZ Manufacturing Index	+0.08%	0.02%
FRIDAY, 14 JULY					
12:30		USD	CPI m/m	-0.46%	0.07%
12:30		USD	Retail Sales m/m	-0.46%	0.07%
14:00		USD	Business Inventories m/m	+0.04%	0.07%

Relative Currency Strength

Currency Indexes



The past week was rich with strong currency moves, which were fueled by the events of economic calendar. The past period's absolute leader was the Aussie, whose index spent most of the week in a rally, starting from Tuesday, when the National Australia Bank announced Business Confidence data. The next sharp movement in the currency index was notable on Thursday at the background of the reported data in the US, and, finally, the Aussie's index rapidly grew up on Friday, finishing the week 1.99% over the opening value, while the previous period it finished with a loss of 0.64%.

The second past week's performer was the Canadian Dollar, whose index finished the period 0.79% over the baseline. The Loonie started the period with fall on Tuesday, when its index jumped below the baseline as well as the Greenback's measure at the background of the FOMC members' speeches. However, the Loonie's index added 0.81% in the hour following the news from the BoC and its press conference on Wednesday. Afterwards the measure weakened, following the moves in the USD Index, but still remaining above the baseline. The Pound's index gained 0.62% this week, meanwhile it had experienced loss of 0.49% a week before. The GBP Index spent Monday fluctuating over the baseline, but on Tuesday the gauge declined after Ben Broadbent's speech.

Currency Index Change

Weeks	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD
1	-0.66	-1.31	0.12	0.62	-1.21	1.99	0.79	-0.33
4	0.93	-1.85	-3.51	1.07	-0.56	1.22	3.12	-0.42
26	4.01	-4.62	-2.53	3.70	0.70	0.26	-0.38	-1.15
52	3.37	-1.02	-8.99	-1.76	1.32	2.68	1.85	2.56
YTD	3.61	-6.29	-1.90	0.54	0.26	3.02	0.53	0.23

Relative Currency Strength

On Wednesday, Average Earnings Index 3m/y, Claimant Count Change and Unemployment Rate publications slightly pushed the index up, but the real increase was notable on Friday, when BoE policymaker Ian McCafferty announced that he is not ready to raise rates.

Still other two notable measures of the period were the Greenback's measure and the CHF Index, which spent the week on the opposite side of the baseline. The Greenback's index started the week keeping slightly over the opening value, but the real downside took place on Wednesday after Janet Yellen's speech and the report of the US crude oil inventories, and subsequently the USD Index lost 0.35%.

The next sharp decline was notable on Thursday, however then the index slightly pushed up, and its climb was supported by the release, showing better-than-expected PPI m/m and following Janet Yellen's speech.

Currency Pair Weekly Change, %

Jul 10 - Jul 14

	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD
EUR		0.61	-0.63	-1.13	0.52	-2.31	-1.25	-0.37
USD	-0.60		-1.24	-1.68	-0.10	-2.85	-1.85	-0.77
JPY	0.63	1.25		-0.46	1.21	-1.65	-0.55	0.45
GBP	1.14	1.71	0.46		1.65	-1.21	-0.13	0.75
CHF	-0.52	0.10	-1.20	-1.62		-2.77	-1.68	-0.72
AUD	2.36	2.94	1.68	1.23	2.85		1.04	1.96
CAD	1.26	1.89	0.55	0.13	1.71	-1.03		1.06
NZD	0.37	0.77	-0.45	-0.75	0.72	-1.92	-1.05	

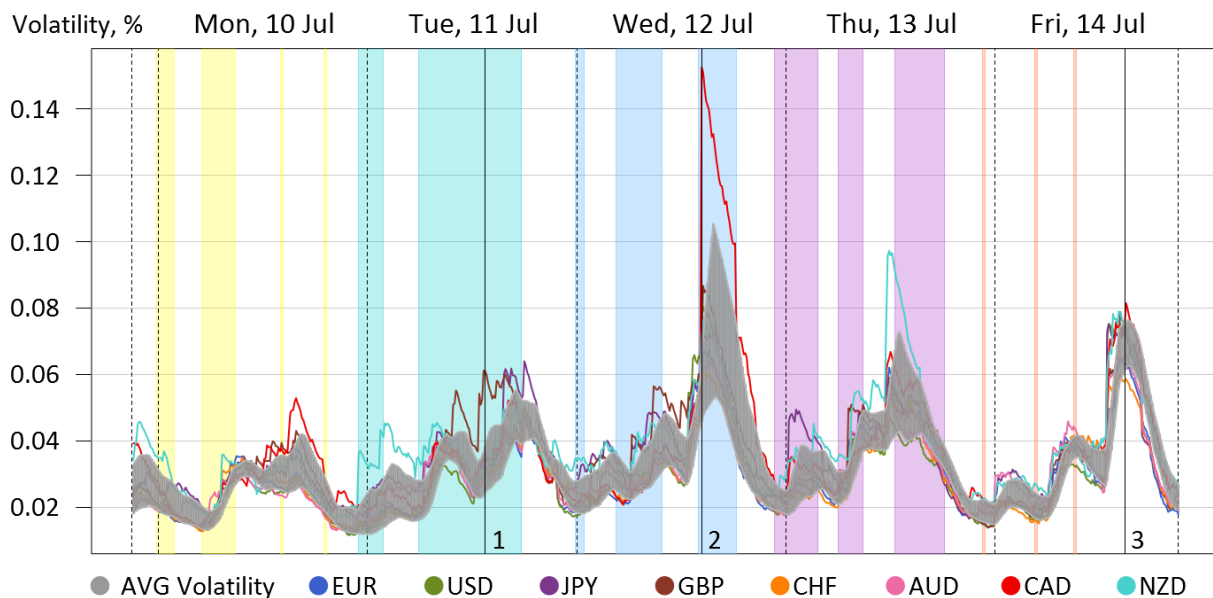
Meanwhile, the USD Index finished the week 1.31% below the baseline, as released on Friday CPI m/m and Retail Sales m/m were worse-than-expected and pushed the index down.

As concerns the Swiss Franc's measure, on Wednesday the index lost 0.21% in the hour at the background of the Fed's Yellen speech. Moreover, on Thursday the CHF Index experienced a further fall after worse-than-expected Swiss PPI m/m had been released and finished the period with a loss of 1.21%.

Meanwhile, negative change for the GBP Index was recorded for the 52-week period, which declined to -1.76% from 0.28%. The Greenback's readings turned negative as well, falling to -1.02% from previous 0.97%. The notable jump was recorded for the Kiwi's gauge, which climbed to 2.56% from 0.47%.

Currency Volatility

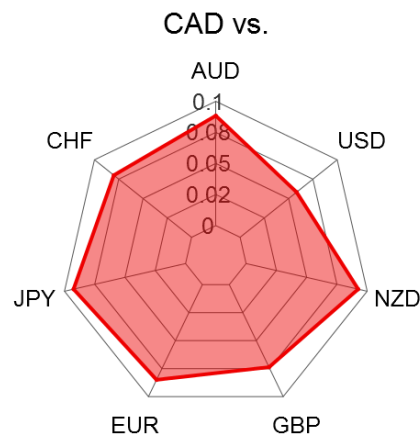
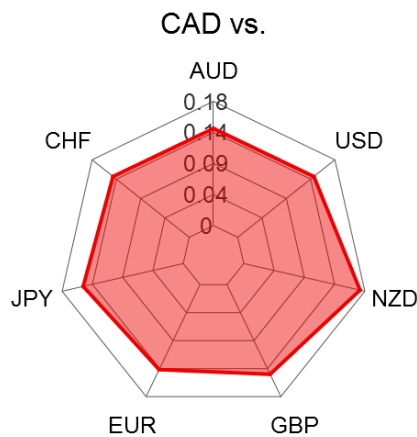
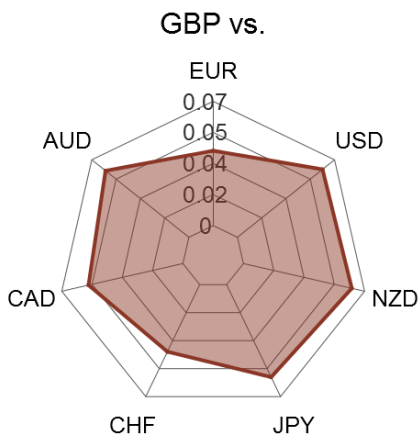
Volatility



MPC Member Broadbent Speaks

BoC Rate Statement

CPI m/m



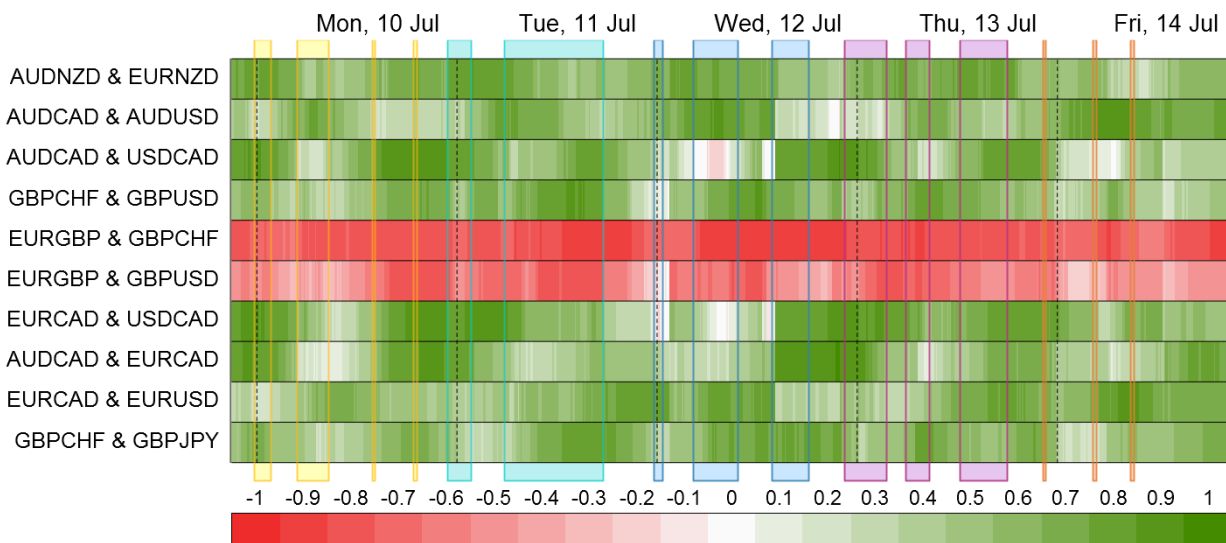
The past week experienced even lesser median turbulence than the week before. However, some currencies experienced increased volatility, for example the Pound experienced a slight increase in volatility on Tuesday, followed by the largest spike of the week occurring on Wednesday right after Bank of Canada published Monetary Policy Report and the Rate Statement and the Loonie's volatility spiked. Right at the end of the week all observed currencies experienced a slight volatility increase, when the Bureau of Labour Statistics published its monthly reports.

On Tuesday the Pound experienced two minor peaks in volatility, first when member of MPC Haldane spoke the Pound reached volatility of 0.05 % and second following a speech made by Ben Broadbent and at the time of CB leading index publication, when the Pound's volatility increased to 0.06 %. Right after the Pound's volatility spike, the Yen's volatility increased to 0.06%. Later into the week, on Wednesday, Loonie's volatility jumped to 0.15 % after BOC released its Monetary Policy Report, Rate Statement and the Overnight Rate. During the same time all other observed currencies also experienced a volatility spike to around 0.07 %.

Just before the end of the week on Friday volatility of all observed currencies increased to around 0.07 %, right after the US Bureau of Labour Statistics released its monthly reports on CPI and the Census Bureau released the monthly report on Retail Sales.

Currency Pair Correlations

Rolling Correlations

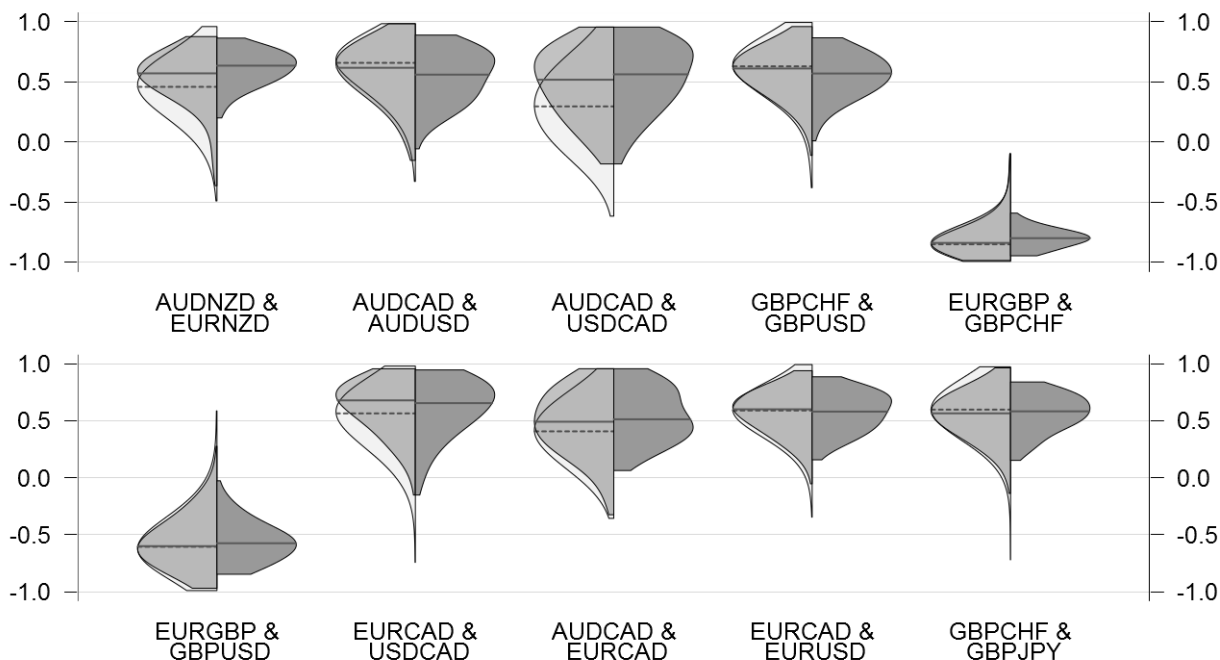


During the past week currency pairs showed little difference in weekly correlation as compared to the historical correlation, with a slight exception from AUD/CAD and USD/CAD, continuing the previously set trend of increasing correlation.

On Wednesday at around 14:00 strength of correlation between pairs containing the Canadian Dollar on both sides increased and between pairs containing the Canadian Dollar only on one side decreased. This helps visualise how the Monetary Report, Rate Statement and Overnight Rate released by the BOC

caused an increase in value of Canadian Dollar across all observed pairs. On Friday at 12:30, when the Bureau of Labour Statistics and the Census Bureau released monthly financial indicators below expected results, the Greenback and the Loonie decreased in value relatively to other observed currencies. This can be well illustrated by increased correlation between EUR/CAD and EUR/USD, AUD/CAD and AUD/USD.

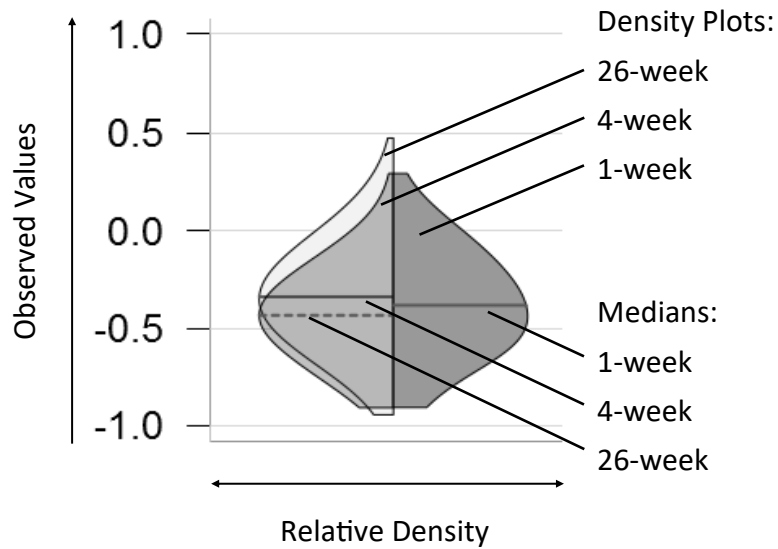
Historical Correlations — week — 4 weeks — 26 weeks

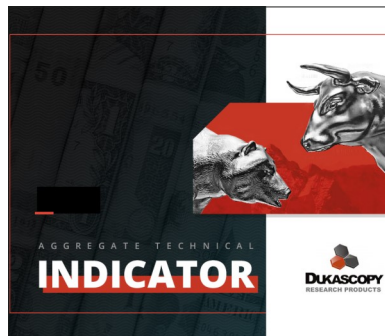
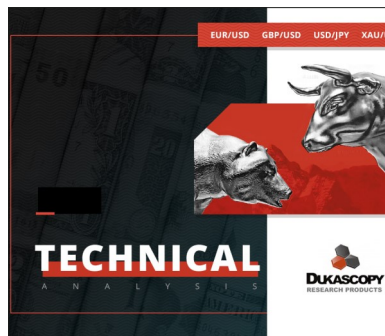


Explanations

Violin Plot

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





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